

**HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING
DECEMBER 14, 2016
APPLICATION SUMMARY**

NAME OF PROJECT: Life Options of West Tennessee, Inc.

PROJECT NUMBER: CN1609-033

ADDRESS: Unaddressed site on Grandview Drive
Brighton (Tipton County), Tennessee 38011

LEGAL OWNER: Life Options of West Tennessee, Inc.
74 Sanders Drive
Brighton (Tipton County), Tennessee 38011

OPERATING ENTITY: NA

CONTACT PERSON: Chris C. Puri, Attorney
(615) 252-4643

DATE FILED: September 13, 2016

PROJECT COST: \$7,641,595

FINANCING: Commercial Loan

REASON FOR FILING: The establishment of a 30 bed skilled nursing home, in which all beds will be dually certified for Medicare and Medicaid. *The 30 nursing home beds are subject to the 125 bed Nursing Home Bed Pool for the July 2016 to June 2017 state fiscal year period.*

DESCRIPTION:

Life Options of West Tennessee, Inc. is seeking approval to establish a 30 bed nursing facility in which all beds will be dually certified for Medicare and Medicaid at an unaddressed 14.1 acre site located at the south end of Grandview Drive in Brighton, (Tipton County), TN. The proposed facility will be based on the Green House Project Model and will consist of three ten bed buildings.

**Life Options of West Tennessee, Inc.
CN1609-033
December 14, 2016
PAGE 1**

These beds are being requested from the 2016-2017 125 bed nursing home bed pool.

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW:

NURSING HOME SERVICES

Standards and Criteria

1. Determination of Need.

The need for nursing home beds for each county in the state should be determined by applying the following population-based statistical methodology:

$$\begin{aligned} \text{Need} = & .0005 \times \text{population 65 and under, plus} \\ & .012 \times \text{population 65-74, plus} \\ & .060 \times \text{population 75-84, plus} \\ & .150 \times \text{population 85 +} \end{aligned}$$

2. Planning horizon: The need for nursing home beds shall be projected two years into the future from the current year.

For 1-2 above, the net nursing home bed need for Sullivan County as determined by the Tennessee Department of Health is 155 beds in 2018.

Since the applicant is requesting 30 beds, it appears that this criterion has been met.

3. Establishment of Service Area: A majority of the population of the proposed Service Area for any nursing home should reside within 30 minutes travel time from that facility. Applicants may supplement their applications with sub-county level data that are available to the general public to better inform the HSDA of granular details and trends; however, the need formula established by these Standards will use the latest available final JAR data from the Department of Health. The HSDA additionally may consider geographic, cultural, social, and other aspects that may impact the establishment of a Service Area.

Life Options of West Tennessee, Inc.

CN1609-033

December 14, 2016

PAGE 2

The majority of Tipton County residents are within 30 minute travel time of the site of the applicant's nursing home in Brighton, (Tipton County), TN.

It appears that this criterion has been met.

4. **Existing Nursing Home Capacity:** In general, the Occupancy Rate for each nursing home currently and actively providing services within the applicant's proposed Service Area should be at or above 90% to support the need for any project seeking to add new nursing home beds within the Service Area and to ensure that the financial viability of existing facilities is not negatively impacted.

When considering replacement facility or renovation applications that do not alter the bed component within the Service Area, the HSDA should consider as the primary factor whether a replacement facility's own occupancy rate could support its economic feasibility, instead of the occupancy rates of other facilities in the Service Area.

There are currently two nursing homes in Tipton County representing 254 licensed beds. According the 2014 Joint Annual Report, the combined licensed bed occupancy was approximately 65.3% during the period.

It appears that this criterion has not been met.

5. **Outstanding Certificates of Need:** Outstanding CONs should be factored into the decision whether to grant an additional CON in a given Service Area or county until an outstanding CON's beds are licensed.

There are no outstanding CONs in the proposed service area of Tipton County.

It appears that this criterion has been met.

6. **Data:** The Department of Health data on the current supply and utilization of licensed and CON-approved nursing home beds should be the data source employed hereunder, unless otherwise noted.

Life Options of West Tennessee, Inc.

CN1609-033

December 14, 2016

PAGE 3

The analysis above is based on data provided in the Department of Health Report for this application.

It appears that this criterion has been met.

- 7. Minimum Number of Beds:** A newly established free-standing nursing home should have a sufficient number of beds to provide revenues to make the project economically feasible and thus is encouraged to have a capacity of least 30 beds. However, the HSDA should consider exceptions to this standard if a proposed applicant can demonstrate that economic feasibility can be achieved with a smaller facility in a particular situation.

The applicant facility is proposing a new 30 bed nursing facility.

It appears that this criterion has been met.

- 8. Encouraging Facility Modernization:** The HSDA may give preference to an application that:
- a. Proposes a replacement facility to modernize an existing facility.
 - b. Seeks a certificate of need for a replacement facility on or near its existing facility operating location. The HSDA should evaluate whether the replacement facility is being located as closely as possible to the location of the existing facility and, if not, whether the need for a new, modernized facility is being impacted by any shift in the applicant's market due to its new location within the Service Area.
 - c. Does not increase its number of operating beds.

In particular, the HSDA should give preference to replacement facility applications that are consistent with the standards described in TCA §68-11-1627, such as facilities that seek to replace physical plants that have building and/or life safety problems, and/or facilities that seek to improve the patient-centered nature of their facility by adding home-like features such as private rooms and/or home-like amenities.

Life Options of West Tennessee, Inc.

CN1609-033

December 14, 2016

PAGE 4

The project does not involve a replacement facility.

This criterion is not applicable.

9. **Adequate Staffing:** An applicant should document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise, and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed Service Area. However, when considering applications for replacement facilities or renovations of existing facilities, the HSDA may determine the existing facility's staff would continue without significant change and thus would be sufficient to meet this Standard without a demonstration of efforts to recruit new staff.

The applicant projects 4.4 FTE Licensed Practical Nurses (LPNs), 2.8 FTE Registered Nurses (RNs), and a 0.5 FTE Social Worker in Year One. The Tennessee Department of Labor July 2016 statistics for Tipton County show the availability of 33 potential candidates for LPNs and 1.06 for RNs. In supplemental #1, the applicant states with a slightly more than 1:1 ratio of RNs available for RN positions, the available workforce likely exists to fill the 2.80 RN FTEs within the service area and from which employees would likely be drawn.

It appears that this criterion has been met.

10. **Community Linkage Plan:** The applicant should describe its participation, if any, in a community linkage plan, including its relationships with appropriate health care system providers/services and working agreements with other related community services to assure continuity of care. If they are provided, letters from providers (including, e.g., hospitals, hospice services agencies, physicians) in support of an application should detail specific instances of unmet need for nursing home services.

Life Options of West Tennessee, Inc.

CN1609-033

December 14, 2016

PAGE 5

The applicant will develop transfer agreements with the nearby hospitals, home health agencies, and other healthcare providers when they are licensed and operational.

It appears that this criterion has been met.

- 11. Access:** The applicant should demonstrate an ability and willingness to serve equally all of the Service Area in which it seeks certification. In addition to the factors set forth in HSDA Rule 0720-11-.01(1) (listing the factors concerning need on which an application may be evaluated), the HSDA may choose to give special consideration to an applicant that is able to show that there is limited access in the proposed Service Area. However, an applicant should address why Service Area residents cannot be served in a less restrictive and less costly environment and whether the applicant provides or will provide other services to residents that will enable them to remain in their homes.

The applicant will provide 30 nursing home beds based on the Green House model. Currently, there are no nursing home beds in Tipton County that are based on the Green House Model.

It appears that this criterion has been met.

- 12. Quality Control and Monitoring:** The applicant should identify and document its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and Performance Improvement program as required by the Affordable Care Act. As an alternative to the provision of third party accreditation information, applicants may provide information on any other state, federal, or national quality improvement initiatives. An applicant that owns or administers other nursing homes should provide detailed information on their surveys and their quality control programs at those facilities, regardless of whether they are located in Tennessee.

The applicant has a Quality Assurance Performance Improvement (QAPI) plan that meets state and CMS requirements. The applicant

Life Options of West Tennessee, Inc.

CN1609-033

December 14, 2016

PAGE 6

is actively involved and committed to improving patient services through administration of its Quality Assurance and Performance Improvement Plan.

It appears that this criterion has been met.

- 13. Data Requirements: Applicants should agree to provide the TDH and/or the HSDA with all reasonably requested information and statistical data related to the operation and provision of services at the applicant's facility and to report that data in the time and format requested. As a standard of practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.**

The applicant will continue to provide TDH and HSDA all requested data related to the operation of the nursing home.

It appears that this criterion has been met.

14. Additional Occupancy Rate Standards:

- a. An applicant that is seeking to add or change bed component within a Service Area should show how it projects to maintain an average occupancy rate for all licensed beds of at least 90 percent after two years of operation.**

If approved, the projected occupancy of the 30 bed facility is 95% in Year 2 (2018).

It appears that this criterion has been met.

- b. There should be no additional nursing home beds approved for a Service Area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 90 percent. In determining the Service Area's occupancy rate, the HSDA may choose not to consider the occupancy rate of any nursing home in the proposed Service Area that has been identified by the TDH Regional Administrator as consistently noncomplying with quality assurance regulations, based on factors such as deficiency numbers outside of an average range or standards of the Medicare 5 Star Life Options of West Tennessee, Inc.**

CN1609-033

December 14, 2016

PAGE 7

program.

Per the Department of Health's most recent published/final JAR, none of the nursing homes achieved an average occupancy rate of 90% in 2015. It appears that this criterion has not been met.

- c. A nursing home seeking approval to expand its bed capacity should have maintained an occupancy rate of 90 percent for the previous year.**

This criterion is not applicable.

Staff Summary

The following information is a summary of the original application and all supplemental responses. Any staff comments or notes, if applicable, will be in bold italics.

Application Synopsis

Life Options of West Tennessee, Inc. proposes to establish three new Green Houses in three buildings of 10 beds each certified under a single 30 bed nursing home license. If approved, the applicant will be the only Green House Concept Nursing home located in Northwestern Tennessee. There are two existing Green House Concept Homes located in Tennessee: Ava Maria Home (4-10 bed Green House Homes) located in Barlett (Shelby County), TN; and Jefferson County Nursing Home (3-10 bed Green House Homes) in Dandridge (Jefferson County), TN.

The Green House concept consists of a self-contained home for 10-12 people located in clusters of homes typically licensed as skilled nursing homes. Each person that resides in a Green House home has a private bedroom and full bathroom opening to a central living area, open full kitchen and dining room. Homes are staffed by a team of universal workers, known as Shahbazim, comprehensive clinical teams, and necessary department support.

As of September 2015, the National Green House Replication Initiative is active in 33 states with 179 homes open and 150 homes in development. A 6 min. 35 sec. video tour sponsored by the Greenhouse Project of a typical Greenhouse is available at <http://www.thegreenhouseproject.org/about/tour-green-house>

Life Options of West Tennessee, Inc.

CN1609-033

December 14, 2016

PAGE 8

The target date for completion of the project is June 2018, subject to licensure approval by the Tennessee Department of Health.

125 bed Nursing Home Bed Pool

- The applicant is requesting 30 new beds which will come from the Nursing Home 125 bed pool for the July 2016 to June 2017 state fiscal year period.
- There are currently 125 nursing home beds available in the July 2016 to June 2017 bed pool with 31 beds pending.
- A copy of the 125 bed pool bed stats is located at the end of this summary.

Facility Information

- The applicant will construct three new Green Houses totaling 21,624 SF in three buildings each housing 10 beds.
- Each 7,208 SF building will include patient rooms (2,960 SF), office (92 SF), laundry room (248 SF), kitchen/dining area (990 SF), garage (331 SF), shared space (2,396 SF), and mechanical room (191 SF).
- All three building units will be located on adjoining lots: Unit A will be located on a 4.39 acre lot; Building B will be located on a 7.21 acre lot; and Building C will be located on a 2.50 acre lot.

Ownership

- Life Options of West Tennessee, Inc. is a Tennessee nonprofit corporation formed in September 2007.
- Life Options of West Tennessee, Inc. has no parent entities, subsidiaries, or affiliates.
- Life Options of West Tennessee, Inc. is governed by 7 directors who have the education and interest in managing or working with the elderly and disabled.

History

- N/A. This is the first CON application filed by Life Options of West Tennessee, Inc.

NEED

Project Need

- Based on the State Health Plan, in 2018 there is a net need of 155 beds.

Life Options of West Tennessee, Inc.

CN1609-033

December 14, 2016

PAGE 9

- The Green House Model is highly desired, and the community has demonstrated a specific desire and need for these home like long term care services.
- Life Options of West Tennessee, Inc. projects a 95% licensed bed occupancy in CY2018 (Year One).

Service Area Demographics

The applicant's declared service area is Tipton County. An overview of the service area is provided as follows:

- The total population is estimated at 67,250 residents in calendar year (CY) 2016 and is projected to increase by approximately 3.0% to 69,239 residents in CY 2018.
- The overall statewide population is projected to grow by 2.2% from 2016 to 2018.
- The 65 and older population is expected to comprise approximately 14.4% of the total county population in CY2018 compared to 16.9% statewide.
- The 65 and older population will increase by approximately 9.1% from 9,132 in CY2016 to 9,966 in CY2018 compared to a statewide increase of 7.7% during the period.
- The proportion of TennCare enrollees of the total county population is estimated to be 21.4%, compared with the state-wide average of 22.9%.

Service Area Historical Utilization

As documented in the September 28, 2016 supplemental # 1 response, the inventory and utilization of nursing homes in Tipton County is summarized in the following tables.

Tipton County Nursing Home Utilization-2014

| Name | Lic. Beds | Beds- MCARE only- certified | Beds- Dually Certified | SNF Medicare ADC | SNF Medicaid ADC | SNF Other ADC | Non- skilled Medicaid ADC | Non- skilled ADC | Total ADC |
|--|--------------|--------------------------------------|------------------------------|------------------------|------------------------|---------------------|------------------------------------|------------------------|--------------|
| Covington Care Nursing and Rehabilitation Center, Inc. | 98 | 0 | 98 | 16.0 | 0.0 | 0.0 | 42.5 | 13.7 | 72.2 |
| River Terrace Health and Rehab Center | 156 | 0 | 156 | 8.6 | 1.4 | 0.5 | 76.0 | 7.1 | 93.6 |
| Total | 254 | 0 | 254 | 24.6 | 1.4 | 0.5 | 118.5 | 20.8 | 165.8 |

Source: Nursing Home JAR, 2014 (legend: Medicare=MCARE; TennCare/Medicaid=Medicaid)

Life Options of West Tennessee, Inc.

CN1609-033

December 14, 2016

PAGE 10

The historical utilization table reflects the following:

- All of the 254 licensed beds in Tipton County are dually certified beds.
- Average daily census (ADC) was 165.8 or 65.3% of all licensed beds in CY2014.
- Non-skilled patients accounted for the highest utilization at 71.5% of total ADC in CY2014.
- Medicare Skilled ADC was 24.6 patients per day or 14.8 % of total ADC.
- Medicaid Skilled ADC was 1.4 patients per day or 0.84% of total ADC.

Tipton County Nursing Home Utilization

| Nursing Home | 2016 Lic.'d Beds | 2012 Patient Days | 2013 Patient Days | 2014 Patient Days | '12- '14 % Change | 2012 % Occ. | 2013 % Occ. | 2014 % Occ. |
|--|---------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------|----------------------------|----------------------------|
| Covington Care Nursing and Rehabilitation Center, Inc. | 98 | 28,733 | 27,542 | 26,335 | -4.0% | 80.3% | 77% | 73.6% |
| River Terrace Health and Rehab Center | 156 | 51,408 | 41,435 | 34,173 | -18.0% | 90.3% | 72.8% | 60.0% |
| Total | 254 | 80,141 | 68,977 | 60,508 | -12% | 86.4% | 74.4% | 65.3% |

Source: Nursing Home JAR, 2012-2014

- Utilization of the 2 nursing homes in Tipton County decreased by approximately 12% from 2012-2014.
- Utilization declined in both of the nursing homes from 2012-2014.
- 2014 bed occupancy ranged from 60% at River Terrace Health and Rehab Center (156 beds) to 73.6% at Covington Care Nursing and Rehabilitation Center, Inc. (98 beds).

Applicant's Historical and Projected Utilization

Since the applicant is applying for the establishment of a nursing home, an analysis of historical data does not apply.

The following table shows the projected utilization of the project.

30 Bed Facility Projected Utilization

| Year | License d Beds | *Medicare- certified beds | SNF Medicare ADC | SNF Other ADC | Non-Skilled ADC | Total ADC | Licensed Occupancy % |
|-------------|---------------------------|--------------------------------------|-----------------------------|--------------------------|----------------------------|----------------------|---------------------------------|
| *Year 1 | 30 | 30 | 10.78 | 6.86 | 6.86 | 24.5 | 82.0% |
| *Year 2 | 30 | 30 | 13.11 | 7.70 | 7.70 | 28.5 | 95.0% |

Source: CN1609-033

Life Options of West Tennessee, Inc.

CN1609-033

December 14, 2016

PAGE 11

- The applicant expects the ADC of the proposed 30 beds to increase from 24.5 patients per day in Year One to 28.5 patients in Year Two.
- The corresponding facility occupancy for 30 beds is projected at 82.0% in Year One and 95% in Year Two.

ECONOMIC FEASIBILITY

Project Cost

Major costs are:

- Construction plus Contingency - \$4,223,850 or 55% of total cost.
- Acquisition of site - \$1,000,000 or 13.0% of total cost.
- For other details on Project Cost, see the Project Cost in the original application.
- As reflected in the table below, the proposed project's new construction cost of \$188.39/SF is above the 3rd quartile (\$185.00/SF) cost of statewide nursing home construction projects from 2013 to 2015.

**Nursing Home Construction Cost per Square Foot
2013-2015**

| | Renovated Construction | New Construction | Total Construction |
|---------------------|-----------------------------------|-------------------------|-------------------------------|
| 1st Quartile | \$46.41/sq. ft. | \$152.80/sq. ft. | \$122.37/sq. ft. |
| Median | \$90.00/sq. ft. | \$172.14/sq. ft. | \$152.80/sq. ft. |
| 3rd Quartile | \$101.01/sq. ft. | \$185.00/sq. ft. | \$172.14/sq. ft. |

Source: HSDA Applicant's Toolbox as of 4/25/2016

Financing

The proposed project will be financed with a commercial loan through the United States Department of Agriculture Rural Development Program. A September 20, 2016 email from the United States Department of Agriculture confirms the availability of a loan up to \$14,545,000 at the rate of 2.75% with a term no longer than the 40 year useful life of the facility.

Historical Data Chart

Since the applicant is applying for the establishment of a nursing home, a historical data chart did not apply.

Projected Data Chart

The applicant projects \$3,057,574.00 in total gross revenue on 8,929 patient days in Year 1 increasing by 7.2% to \$3,644,095 on 10,404 patients in Year 2

Life Options of West Tennessee, Inc.

CN1609-033

December 14, 2016

PAGE 12

(approximately \$350.00 per day). The Projected Data Charts reflect the following:

- Net operating income less capital expenditures is estimated at (\$89,344) in Year One increasing to \$261,904 in Year Two.
- Deductions from operating revenue for bad debt are estimated at \$11,371 or approximately 0.31% of total gross revenue in Year Two.
- There are no charity care designations in Year One and Year Two of the proposed project.

Charges

In Year 1 of the proposed project, the average gross daily patient charge is as follows:

- Total (30 beds) - \$342.43 average gross charge.
- Average deduction from charges - \$1.05/day.
- Average net charge - \$341.38 per patient per day.

Medicare/TennCare Payor Mix

- The applicant proposes to be dually certified (Medicare/Medicaid). The payor mix in Year 1 is shown in the table below.

Applicant's Payor Mix, Year 1, 30 Beds

| Payor Source | Net Operating Revenue | as a % of Total |
|-----------------------------|------------------------------|------------------------|
| Medicare/Managed Care | \$1,681,509.28 | 55.0% |
| Self-Pay | \$1,140,322.59 | 43% |
| TennCare | \$214,742.45 | 7.02% |
| Other (Outpatient Services) | \$21,000 | 0.69% |
| Total | \$3,057,574.32 | 100% |

Source: CN1609-033, Supplemental #2, Replacement Page 39

PROVIDE HEALTHCARE THAT MEETS APPROPRIATE QUALITY STANDARDS

Licensure

- If approved, Life Options of West Tennessee, Inc. will be licensed by the Tennessee Department of Health.

Life Options of West Tennessee, Inc.

CN1609-033

December 14, 2016

PAGE 13

Certification

- The applicant will seek certification from the Centers for Medicare and Medicaid Services (CMS).

Accreditation

- The applicant will not seek accreditation, but will be an authorized Green House Facility as part of the National Green House Project.
- The Green House trademark means that the homes meet and maintain key standards, including small size, home layout, advanced staff training and a low staff ratio. Source: <http://www.thegreenhouseproject.org/about/FAQs>

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE

Agreements

- The applicant plans to develop transfer agreements with the local hospital, home health agencies, and other health care providers.

Impact on Existing Providers

- The planned Green House Project is distinctly different from the services being provided by existing traditional nursing home facilities with minimal duplication or competition.

Staffing

The applicant provided the direct patient care staffing of the 30 bed facility in Supplemental 1. The staffing in full time equivalents in Year 1 is shown below.

- 2.80 FTE-Registered Nurses
- 4.40 FTE-LPN's
- 21.70 FTE-Shabaz
- .20 FTE-Dietician
- .50-FTE Social Worker
- 29.6 Total FTEs

Corporate documentation and site control documents are on file at the Agency office and will be available at the Agency meeting.

Should the Agency vote to approve this project, the CON will expire in 2 years.

Life Options of West Tennessee, Inc.

CN1609-033

December 14, 2016

PAGE 14

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:

There are no other Letters of Intent, denied applications, pending applications or outstanding Certificates of Need for this applicant.

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no letters of intent, denied applications, pending applications or outstanding Certificates of Need for other service area health care organizations proposing this type of service.

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, HEALTH CARE THAT MEETS APPROPRIATE QUALITY STANDARDS, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PME 11/07/16

NURSING HOME BED POOL STATS

July 1, 2016 through June 30, 2017

125 BED POOL

| | |
|---|---------------------------|
| Nursing Home Beds APPROVED | 0 NH Beds |
| Swing Beds APPROVED | 0 Swing Beds |
| Nursing Home Beds DENIED | 0 NH Beds |
| Swing Beds DENIED | 0 NH Beds |
| Total Beds AVAILABLE from Bed Pool | 125 Beds Available |

| | |
|---|------------------------|
| Nursing Home Beds PENDING | 31 NH Beds |
| Swing Beds PENDING | 0 Swing Beds |
| Total Beds PENDING from Bed Pool | 31 Beds Pending |

| <u>COUNTY</u> | <u>PROJECT NUMBER</u> | <u>FACILITY</u> | <u>PROJECT DISPOSITION</u> | <u>MEETING DATE</u> | <u>DESCRIPTION</u> |
|------------------|---------------------------|---|--------------------------------|-------------------------|--|
| Titpon | CN1609-033 | Life Options of West Tennessee, Inc. | Pending | 12/14/2016 | The establishment of a 30 bed skilled nursing home. The proposed facility will be based on the Green House Project model and will consist of three ten bed buildings |
| Carter County | CN1610-034 | Ivy Hall, Inc. | Pending | 2/22/2017 | The addition of one (1) skilled nursing bed to the existing licensed 100 bed Ivy Hall Nursing Home located at 301 South Watauga Avenue, Elizabethton (Carter County), Tennessee. |

Life Options of West Tennessee, Inc.
CN1609-033
December 14, 2016
PAGE 16

LETTER OF INTENT



LETTER OF INTENT

The Publication of Intent is to be published in The Covington Leader, which is a newspaper of general circulation in Tipton County, Tennessee, on or before September 8, 2016, for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Life Options of West Tennessee, Inc., a Tennessee non-profit corporation, intends to file an application for a Certificate of Need for the establishment of a new thirty (30) bed nursing home and the initiation of nursing home services. The facility will have no management company. The facility will be based on the Green House Project model and will consist of three (3) ten bed buildings.

The facility will be located on a lot which does not currently have a separate street address, such lot to be approximately 14.1 acres, which is composed of three parcels located at the south end of Grandview Drive in Brighton (Tipton County), Tennessee 38011, located approximately 0.3 mile south of the intersection of Old Highway 51 South and Grandview Drive, and also described as Parcels 097B B 016.00 (2.5 acres), 097B B 015.00 (7.21 acres), and 097B B 014.00 (4.39 acres), in the records of the Tipton County Tax Assessor.

There is no major medical equipment required for this project. If approved, the project and its beds will be licensed by the Tennessee Department of Health as nursing home beds and certified for participation in Medicare and Medicaid/TennCare. The estimated project cost is \$7,685,534.

The anticipated filing date of the application is on or before September 13, 2016. The contact person for this project is Christopher C. Puri, Attorney, who may be reached at Bradley Arant Boult Cummings LLP, 1600 Division Street, Suite 700, Nashville, TN 37203. Mr. Puri's telephone number is 615-252-4643 and his e-mail address is cpuri@bradley.com.

Signature

September 8, 2016

Date

cpuri@bradley.com

E-mail Address

The Letter of Intent **must be filed in triplicate** and **received between the first and the tenth** day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Original Application
COPY

Life Options of
West TN, INC

CN1609-033

**CERTIFICATE OF NEED APPLICATION****SECTION A: APPLICANT PROFILE****1. Name of Facility, Agency, or Institution**

Life Options of West Tennessee, Inc.

Name

TIPTON

Undesignated lot approximately 14.1 acres, which is composed of three parcels located at the south end of Grandview Drive in Brighton (Tipton County), Tennessee 38011, located approximately 0.3 mile south of the intersection of Old Highway 51 South and Grandview Drive, and also described as Parcels 097B B 016.00 (2.5 acres), 097B B 015.00 (7.21 acres), and 097B B 014.00 (4.39 acres), in the records of the Tipton County Tax Assessor.

Street or Route

County

Brighton

TN

38011

City

State

Zip Code

Website address: NONE

*Note: The facility's name and address **must be** the name and address of the project and **must be** consistent with the Publication of Intent.*

2. Contact Person Available for Responses to Questions

Christopher C. Puri

Attorney

Name

Title

Bradley Arant Boult Cummings, LLP

cpuri@bradley.com

Company Name

Email address

1600 Division Street, Suite 700

Nashville

TN

37203

Street or Route

City

State

Zip Code

Attorney for Project

615-252-4643

615-252-4706

Association with Owner

Phone Number

Fax Number

NOTE: **Section A** is intended to give the applicant an opportunity to describe the project. **Section B** addresses how the project relates to the criteria for a Certificate of Need by addressing: Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care.

Please answer all questions on **8½" X 11" white paper, clearly typed and spaced, single or double-sided, in order and sequentially numbered. In answering, please type the question**

HF-000000 Revised 7/22/2016

and the response. All questions must be answered. If an item does not apply, please indicate "N/A" (not applicable). **Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment, i.e., Attachment A.1, A.2, etc. The last page of the application should be a completed signed and notarized affidavit.**

3. SECTION A: EXECUTIVE SUMMARY

A. Overview

Please provide an overview not to exceed three pages in total explaining each numbered point.

- 1) Description – Address the establishment of a health care institution, initiation of health services, bed complement changes, and/or how this project relates to any other outstanding but unimplemented certificates of need held by the applicant;
- 2) Ownership structure;
- 3) Service area;
- 4) Existing similar service providers;
- 5) Project cost;
- 6) Funding;
- 7) Financial Feasibility including when the proposal will realize a positive financial margin; and
- 8) Staffing.

RESPONSE:

1) **Description:** The Applicant, Life Options of West Tennessee, Inc. ("Applicant" or "Life Options") was formed by a group of individuals to explore the development of Green Houses® model nursing home and assisted living project in Brighton, Tipton County, Tennessee. Life Options is a Tennessee nonprofit corporation.

The proposed project seeks a certificate of need (CON) to establish three (3) new Green Houses in three buildings, each housing ten (10) units or beds, and to initiate the provision of nursing home services. The buildings collectively will be certified under a single nursing home license and will equate to thirty (30) beds. The applicant is precluded by Tennessee statute from seeking any more than thirty (30) beds with this application, but does intend to construct an additional three buildings, each of ten (10) units, that will be certified as assisted care living to enhance the continuum of care offered at the project site. The Applicant has no outstanding certificates of need and there are no outstanding nursing home CONs in Tipton County.

The object of the Green House home is to de-institutionalize long term care by providing elders with a true home. The Green House model is changing the long-term care model to a wellness environment of support for elders. The Green House model is also has been shown to improve those outcomes, because of the home like environment that is inherent in its design and operation. Residents are expected to maximize their functional capacity because of the small scale environment and freedom from institutional routines. Gathering spaces for elders will enhance their activities of daily living such as the living room with a fire place and the dining room for meals and socialization.

September 20, 2016

8:31 am

Life Options perceives the need for a modern, quality nursing facility different from existing facilities and has been working with the nationally recognized Green House Project® to bring this concept to this area of Tennessee. The Brighton Green House project will be licensed as a nursing home and will participate in the Medicare and Medicaid programs as a dually certified skilled nursing facility. Because the Green House model is fairly new to Tennessee, the Applicant has included for the Agency's information additional information and statistics regarding the Green House model as Attachment Section A-3A Executive Summary – Green House Information and Studies.

2) **Ownership structure:** The applicant is a Tennessee nonprofit corporation that is organized and does business under the name Life Options of West Tennessee, Inc. The entity has received its designation of tax exempt status from the Internal Revenue Service as a 501(c)(3) entity. As a nonprofit organization, the Applicant has no owners. The entity has no parent entities nor subsidiaries or affiliates. The group consists of real estate and banking professionals as well as residents of the area who are heavily involved in the local community and local philanthropy.

3) **Service area:** The Applicant's proposed service area is Tipton County, located in the southwest corner of the state. The project will be located in the town of Brighton, which is centrally located within the service area. Brighton is approximately a forty-five (45) minute drive by interstate highway from downtown Memphis. The service area population produces a significant need for nursing home beds based on the Guidelines for Growth. From 2016 through 2020 there is a net need (after existing nursing home beds are counted) of 119, 136, 155, 174, and 194 beds, respectively.

The Green House project would serve a large and fast-growing population by providing a new, attractive, and affordable options for residents in the area and/or families who have or would move loved ones to the area for long term care. There is and will be a portion of the service area which the Applicant intends to be privately paying for services, based other facility experiences who have shown the desirability of the model.

Distances to the project from all areas of the service area are considered reasonable in terms of experience with long term care facilities regarding how far seniors and/or their families are willing to drive or move. All areas of the service are within approximately 15 miles and 30 minutes' drive to the project site. Interviews with residents expressed this was a reasonable distance to move into this proposed new community.

4) **Existing similar service providers:** There are two existing nursing homes in Tipton County both located in Covington, which is farther north than Brighton. Covington Care Nursing and Rehabilitation Center, Inc. has ninety-eight (98) beds and River Terrace Health and Rehab Center (which until May 2016 was called Covington Health Care and Rehabilitation, Inc.) has one-hundred and fifty-six (156) beds. Both facilities are traditional nursing homes and are not similar to the Green House concept the applicant seeks to develop. As discussed elsewhere in the application, there are distinct advantages to the Green House model, which is based upon a highly person-centered experience in a very home-like, non-institutional setting.

The Green House Project, was founded by Dr. Bill Thomas, cofounder of the Eden Alternative (an international, nonprofit 501(c)3 organization that provides education and consultation for organizations across the entire continuum of care. As of September 2015, the National Green House Replication Initiative is active in 33 states with 179 homes open and over 150 homes in development. As a person-directed care philosophy, Green House is dedicated to creating care environments that promote quality of life for Elders and those who support them as care partners.) The Green House concept features include: all residents have a private room with a private bath, the facility is designed like a real home with a great room that includes a living area, fireplace, open kitchen, and dining area with a large family table; only 6-12 residents per home, and staff are

certified nursing assistants (CNAs) with 128 hrs of specialized training. According to Green House Project data from interviews and focus groups, Green House Models have a 97% favorability rate, and over 60% of individuals receiving long term care believe the Green House model is better than in-home care (68%), another facility (60%), or adult day care (61%)

5) **Project cost:** The total estimated proposed project cost is \$7,641,595, of which \$4,073,850 is construction costs, and \$1,000,000.00 is acquisition of the project site. Note that numbers are allocations for the proposed portion of the project proposing to construct nursing home services which are under CON. The proposed project has a per square foot construction cost of \$199.70.

6) **Funding:** The Applicant has made application for funding of the project through the United States Department of Agriculture Rural Development Community Facilities Loan Program. Documentation from USDA indicating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions for the funding is attached as Attachment C-Economic Feasibility-1.

7) **Financial Feasibility:** The Applicant conducted a detailed market and pro-forma analysis to assure the financial viability of the project. Revenue and expense information for this proposal for Years 1 and 2 following project completion is included in the Projected Data Chart. Per the projected data chart, by its second year of operations the project will show a positive EBITD (\$700,466), positive net income (\$261,904), and positive free cash flow (\$371,509). These projections are based upon an initial ramp up and increase in occupancy of the facility during the first and second years, with occupancy in Year 2 equaling ninety-five (95%). Based on its initial market evaluation and discussion with the community and the experience of other Green Houses in Tennessee and elsewhere, the Applicant is confident there is a high demand for these long term care services. As noted in the application, the Applicant has made application for funding of the project through the United States Department of Agriculture. This funding includes sufficient funds to capitalize and carry the initial first year loss with the facility is ramping up operations and occupancy. Debt service is also projected to be within commercially acceptable ranges.

8) **Staffing:**

B. Rationale for Approval

A certificate of need can only be granted when a project is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of adequate and effective health care in the service area. This section should provide rationale for each criterion using the data and information points provided in Section B. of this application. Please summarize in one page or less each of the criteria:

- 1) Need;
- 2) Economic Feasibility;
- 3) Appropriate Quality Standards; and
- 4) Orderly Development to adequate and effective health care.

RESPONSE:

- 1) **Need:** The Applicant's project clearly meets the numeric and qualitative guidelines for the approval of the project. The proposed service area is Tipton County, located in the

24 southwest corner of the state. The service area population produces a significant need for nursing home beds based on the Guidelines for Growth. From 2016 through 2020 there is a net need (after existing nursing home beds are counted) of 119, 136, 155, 174, and 194 beds, respectively. The project requests only thirty (30) beds. The project also meets the criteria generally outlined within the Nursing Home Specific Standards because it proposed to create a modern, resident-centered facility that will accelerate the development of culture change in long term care in the service area and in West Tennessee. When exception factors are considered in evaluating the market of existing nursing home providers, the project meets criteria because 1) it is unlike the existing providers, and 2) data demonstrates that occupancy of the existing providers is not being driven by lack of need. The Green House services are highly desired, and the community has demonstrated a specific desire and need for these home like long term care services.

- 2) *Economic Feasibility:* The Applicant conducted a detailed market and pro-forma analysis to assure the financial viability of the project. Revenue and expense information for this proposal for Years 1 and 2 following project completion is included in the Projected Data Chart. Per the projected data chart, by its second year of operations the project will show a positive EBITD (\$700,466), positive net income (\$261,904), and positive free cash flow (\$371,509). These projections are based upon an initial ramp up and increase in occupancy of the facility during the first and second years, with occupancy in Year 2 equaling ninety-five (95%). The applicant has demonstrated initial approval from the U.S. Department of Agriculture Rural Development program that is more than sufficient to fund the project.
- 3) *Appropriate Quality Standards:* The applicant will be licensed by the Tennessee Department of Health, Board for Licensing Healthcare Facilities. Sufficient quality standards exist in regulation, and in the proposed policies and procedures of the new facility to ensure quality outcomes for patients. As described within the application, Green House homes generally have achieved better outcomes, including high function for residents, better health outcomes and higher satisfaction ratings than some traditional nursing home providers.
- 4) *Orderly Development to adequate and effective health care:* The applicant proposes to participate in both Medicare and Medicaid, making its services available to all individuals in the service area. The Applicant believes this project will help preserve the health care system in the area and actually raise the standard of long term care facilities in the service area by producing a "homelike" setting through the Green House home model. The applicant is not aware of any negative effects this project might have on the current health care system because need in the community far exceeds the available beds on a population projection basis. The project is orderly because it will offer excellent employment opportunities that will be highly desired by applicants because of the flat management and autonomy provided by a Green House operational model. Available candidates exist in the service area.

C. Consent Calendar Justification

If Consent Calendar is requested, please provide the rationale for an expedited review.

A request for Consent Calendar must be in the form of a written communication to the Agency's Executive Director at the time the application is filed.

RESPONSE: The applicant does not seek consent calendar consideration.

Owner of the Facility, Agency or Institution**A**

Life Options of West Tennessee, Inc.

901-476-5638

Name

74 Sanders Drive

Phone Number

Tipton

Street or Route

Brighton

TN

County

38011

City

State

Zip Code

B Type of Ownership of Control (Check One)

A. Sole Proprietorship _____

B. Partnership _____

C. Limited Partnership _____

D. Corporation (For Profit) _____

E. Corporation (Not-for-Profit) XX _____

F. Government (State of TN or Political Subdivision) _____

G. Joint Venture _____

H. Limited Liability Company _____

I. Other (Specify) _____

Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence. Please provide documentation of the active status of the entity from the Tennessee Secretary of State's web-site at <https://tnbear.tn.gov/ECommerce/FilingSearch.aspx>. **Attachment Section A-4A.**

Describe the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% ownership (direct or indirect) interest.

5. Name of Management/Operating Entity (If Applicable)

--- Not Applicable ---

Name

Street or Route

County

City

State

Zip Code

Website address: _____

For new facilities or existing facilities without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to

be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract. **Attachment Section A-5.**

RESPONSES

CORPORATE DOCUMENTS: A copy of the corporate charter and current certificate of corporate existence documenting the Applicant's existence and active status is attached as Attachment Section A-4A. The Applicant is a Tennessee nonprofit corporation that is organized and does business under the name Life Options of West Tennessee, Inc. The entity has received its designation of tax exempt status from the Internal Revenue Service as a 501(c)(3) entity. As a nonprofit entity, the Applicant has no owners. The entity has no parent entities nor subsidiaries or affiliates. The current members of the Applicant's Board of Directors are: Charles M. Putnam, Julia K. Putnam, William L Reed, Reginald K. McDow, Lacy Ennis, Amy K. Baltimore, and Jeff Huffman.

6A. Legal Interest in the Site of the Institution ²⁷ (Check One)

- | | | | |
|-------------------------|-----------|--------------------|-------|
| A. Ownership | _____ | D. Option to Lease | _____ |
| B. Option to Purchase | <u>XX</u> | E. Other (Specify) | _____ |
| C. Lease of _____ Years | _____ | | |

Check appropriate line above: For applicants or applicant's parent company/owner that currently own the building/land for the project location, attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements **must include** anticipated purchase price. Lease/Option to Lease Agreements **must include** the actual/anticipated term of the agreement **and** actual/anticipated lease expense. The legal interests described herein **must be valid** on the date of the Agency's consideration of the certificate of need application.

6B. Attach a copy of the site's plot plan, floor plan, and if applicable, public transportation route to and from the site on an 8 1/2" x 11" sheet of white paper, single or double-sided. **DO NOT SUBMIT BLUEPRINTS.** Simple line drawings should be submitted and need not be drawn to scale.

- 1) Plot Plan **must include**:
 - a. Size of site (***in acres***);
 - b. Location of structure on the site;
 - c. Location of the proposed construction/renovation; and
 - d. Names of streets, roads or highway that cross or border the site.
- 2) Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. On an 8 1/2 by 11 sheet of paper or as many as necessary to illustrate the floor plan.
- 3) Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

Attachment Section A-6A, 6B-1 a-d, 6B-2, 6B-3.

RESPONSES

6A- PROPERTY DOCUMENTS: The proposed project site will be located on a lot which does not currently have a separate street address, such lot to be approximately 14.1 acres, which is composed of three parcels located at the south end of Grandview Drive in Brighton (Tipton County), Tennessee 38011, located approximately 0.3 mile south of the intersection of Old Highway 51 South and Grandview Drive, and also described as Parcels 097B B 016.00 (2.5 acres), 097B B 015.00 (7.21 acres), and 097B B 014.00 (4.39 acres), in the records of the Tipton County Tax Assessor.

Documentation showing the real estate purchase agreement for the proposed site, between the Applicant and Patriot Bank, current owner, is attached as Attachment Section A-6A.

6B(1) – PLOT PLAN/FLOOR PLAN/TRANSPORTATON: A plot plan for the site is attached as Attachment Section A-6B-1a-d.

6B(2) – FLOOR PLAN: A floor plan for the site is attached as Attachment Section A-6B-2.

6B(3) – TRANSPORTATION: The Applicant's service area consists of Tipton County, and the center of the service area is located in the town of Brighton within zip code 38011. The project site is located in the center of the service area along Route 51, a four lane divided highway that is the main thoroughfare running north to south in Tipton County. This central location makes the project site easily accessible to residents, families, and employees from all areas of the service area and Tipton County. Interstate 40 (I-40) is close to the southeast portion of the service area. The population centers within the service area are clustered along Route 51, making travel to the proposed facility easy for individuals. Travel to Tipton County, which is north of Memphis has been aided by the development of Route 385, making travel to the areas north of Memphis easier and quicker. Seniors within the service area who were interviewed as part of a market feasibility study for the project described the project site as "a fine spot and not on a busy road – It's easy to get to but not too busy."

As there are no major public transportation routes, a map of such routes is not included, but a map of existing roads is included. .

29
7. **Type of Institution** (Check as appropriate--more than one response may apply)

- | | | |
|---|---------------------------------------|--------|
| A. Hospital (Specify) _____ | H Nursing Home | __XX__ |
| B. Ambulatory Surgical Treatment _____ | I. Outpatient Diagnostic Center | _____ |
| Center (ASTC), Multi-Specialty _____ | J. Rehabilitation Facility | _____ |
| C. ASTC, Single Specialty _____ | K. Residential Hospice | _____ |
| D. Home Health Agency _____ | L. Nonresidential Substitution- _____ | |
| E. Hospice _____ | Based Treatment Center for | |
| F. Mental Health Hospital _____ | Opiate Addiction | |
| G. Intellectual Disability _____ | M. Other (Specify) _____ | |
| Institutional Habilitation Facility _____ | | |
| ICF/IID _____ | | |

Check appropriate lines(s).

8. **Purpose of Review** (Check appropriate lines(s) – more than one response may apply)

- | | | | |
|---|--------|---------------------------------|-------|
| A. New Institution | __XX__ | F. Change in Bed Complement | _____ |
| B. Modifying an ASTC with _____ | | [Please note the type of change | |
| limitation still required per CON _____ | | by underlining the appropriate | |
| C. Addition of MRI Unit _____ | | response: Increase, Decrease, | |
| D. Pediatric MRI _____ | | Designation, Distribution, | |
| E. Initiation of Health Care _____ | | Conversion, Relocation] | |
| Service as defined in T.C.A. | | G. Satellite Emergency Dept. | _____ |
| §68-11-1607(4) | | H. Change of Location | _____ |
| (Specify) _____ | | I. Other (Specify) _____ | _____ |

9. **Medicaid/TennCare, Medicare Participation**

MCO Contracts [Check all that apply] **not applicable – new facility**

___AmeriGroup ___United Healthcare Community Plan ___BlueCare ___TennCare Select

Medicare Provider Number _____

Medicaid Provider Number _____

Certification Type _____

If a new facility, will certification be sought for Medicare and/or Medicaid/TennCare?

Medicare X Yes ___No ___N/A Medicaid/TennCare X Yes ___No ___N/A

10. Bed Complement Data

30

September 28, 2016

8:31 am

A. Please indicate current and proposed distribution and certification of facility beds.

| | <u>Current Licensed</u> | <u>Beds Staffed</u> | <u>Beds Proposed</u> | <u>*Beds Approved</u> | <u>**Beds Exempted</u> | <u>TOTAL Beds at Completion</u> |
|--|-----------------------------|-------------------------|--------------------------|---------------------------|----------------------------|---|
| 1) Medical | | | | | | |
| 2) Surgical | | | | | | |
| 3) ICU/CCU | | | | | | |
| 4) Obstetrical | | | | | | |
| 5) NICU | | | | | | |
| 6) Pediatric | | | | | | |
| 7) Adult Psychiatric | | | | | | |
| 8) Geriatric Psychiatric | | | | | | |
| 9) Child/Adolescent Psychiatric | | | | | | |
| 10) Rehabilitation | | | | | | |
| 11) Adult Chemical Dependency | | | | | | |
| 12) Child/Adolescent Chemical Dependency | | | | | | |
| 13) Long-Term Care Hospital | | | | | | |
| 14) Swing Beds | | | | | | |
| 15) Nursing Home – SNF (Medicare only) | | | | | | |
| 16) Nursing Home – NF (Medicaid only) | | | | | | |
| 17) Nursing Home – SNF/NF (dually certified Medicare/Medicaid) | <u>n/a</u> | <u>n/a</u> | <u>30</u> | <u>n/a</u> | <u>n/a</u> | <u>30</u> |
| 18) Nursing Home – Licensed (non-certified) | | | | | | |
| 19) ICF/IID | | | | | | |
| 20) Residential Hospice | | | | | | |
| TOTAL | <u>n/a</u> | <u>n/a</u> | <u>30</u> | <u>n/a</u> | <u>n/a</u> | <u>30</u> |
| <i>*Beds approved but not yet in service **Beds exempted under 10% per 3 year provision</i> | | | | | | |

B. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the applicant facility's existing services. **Attachment Section A-10. NOT APPLICABLE – NEW FACILITY**

C. Please identify all the applicant's outstanding Certificate of Need projects that have a licensed bed change component. If applicable, complete chart below.

| <u>CON Number(s)</u> | <u>CON Expiration Date</u> | <u>Total Licensed Beds Approved</u> |
|----------------------|--------------------------------|---|
| <u>N/A</u> | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

11. Home Health Care Organizations – Home Health Agency, Hospice Agency (excluding Residential Hospice), identify the following by checking all that apply: NOT APPLICABLE

| | Existing Licensed County | Parent Office County | Proposed Licensed County | | Existing Licensed County | Parent Office County | Proposed Licensed County |
|------------|--------------------------------|----------------------------|--------------------------------|------------|--------------------------------|----------------------------|--------------------------------|
| Anderson | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Lauderdale | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Bedford | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Lawrence | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Benton | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Lewis | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Bledsoe | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Lincoln | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Blount | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Loudon | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Bradley | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | McMinn | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Campbell | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | McNairy | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Cannon | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Macon | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Carroll | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Madison | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Carter | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Marion | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Cheatham | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Marshall | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Chester | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Mauzy | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Claiborne | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Meigs | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Clay | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Monroe | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Cocke | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Montgomery | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Coffee | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Moore | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Crockett | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Morgan | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Cumberland | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Obion | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Davidson | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Overton | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Decatur | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Perry | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| DeKalb | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Pickett | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Dickson | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Polk | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Dyer | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Putnam | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Fayette | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Rhea | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Fentress | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Roane | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Franklin | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Robertson | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Gibson | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Rutherford | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Giles | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Scott | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Grainger | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Sequatchie | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Greene | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Sevier | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Grundy | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Shelby | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Hamblen | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Smith | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Hamilton | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Stewart | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Hancock | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Sullivan | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Hardeman | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Sumner | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Hardin | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Tipton | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Hawkins | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Trousdale | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Haywood | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Unicoi | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Henderson | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Union | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Henry | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Van Buren | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Hickman | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Warren | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Houston | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Washington | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Humphreys | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Wayne | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Jackson | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Weakley | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Jefferson | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | White | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Johnson | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Williamson | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Knox | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Wilson | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Lake | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | |

NOT APPLICABLE

12. Square Footage and Cost Per Square Footage Chart {TOTAL PROJECT 32 BUILDINGS} September 28, 2016

| Unit/Department | Existing Location | Existing SF | Temporary Location | Proposed Final Location | Proposed Square Footage | | |
|---|-------------------|-------------|--------------------|-------------------------|---|---|---|
| | | | | | Renovated | New | Total |
| Patient Room(s) | n/a | n/a | n/a | 8,880 | n/a | \$188.39 | \$1,672,947 |
| Office | n/a | n/a | n/a | 276 | n/a | \$188.39 | \$51,996 |
| Laundry/Linen | n/a | n/a | n/a | 744 | n/a | \$188.39 | \$140,166 |
| Kitchen/Dining | n/a | n/a | n/a | 2,970 | n/a | \$188.39 | \$559,533 |
| Mechanical | n/a | n/a | n/a | 573 | n/a | \$188.39 | \$107,949 |
| Garage | n/a | n/a | n/a | 993 | n/a | \$188.39 | \$187,077 |
| Shared Space | n/a | n/a | n/a | 7,188 | n/a | \$188.39 | \$1,354,182 |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| Unit/Department GSF Sub-Total | | | | 21,624 | n/a | \$188.39 | \$4,073,850 |
| Other GSF Total | | | | 0 | n/a | | |
| Total GSF** | | | | 21,624 | n/a | \$188.39 | \$4,073,850 |
| *Total Cost ** | | | | | | | \$4,073,850 |
| **Cost Per Square Foot | | | | | | | \$188.39 |
| Cost per Square Foot Is Within Which Range (For quartile ranges, please refer to the Applicant's Toolbox on www.tn.gov/hsda) | | | | | <input type="checkbox"/> Below 1 st Quartile | <input type="checkbox"/> Below 1 st Quartile | <input type="checkbox"/> Below 1 st Quartile |
| | | | | | <input type="checkbox"/> Between 1 st and 2 nd Quartile | <input type="checkbox"/> Between 1 st and 2 nd Quartile | <input type="checkbox"/> Between 1 st and 2 nd Quartile |
| | | | | | <input type="checkbox"/> Between 2 nd and 3 rd Quartile | <input type="checkbox"/> Between 2 nd and 3 rd Quartile | <input type="checkbox"/> Between 2 nd and 3 rd Quartile |
| | | | | | <input type="checkbox"/> Above 3 rd Quartile | <input checked="" type="checkbox"/> Above 3 rd Quartile | <input checked="" type="checkbox"/> Above 3 rd Quartile |
| | | | | | | | |

**** Note:** Note there will be 3 buildings, total project equals 21,624 total GSF/ \$4,073,850.00 total GSF cost.

* The Total Construction Cost should equal the Construction Cost reported on line A5 of the Project Cost Chart.

** Cost per Square Foot is the construction cost divided by the square feet. Please do not include contingency costs.

13. MRI, PET, and/or Linear Accelerator 33 NOT APPLICABLE

1. Describe the acquisition of any Magnetic Resonance Imaging (MRI) scanner that is adding a MRI scanner in counties with population less than 250,000 or initiation of pediatric MRI in counties with population greater than 250,000 and/or

2. Describe the acquisition of any Positron Emission Tomographer (PET) or Linear Accelerator if initiating the service by responding to the following:

A. Complete the chart below for acquired equipment.

| | | | | |
|---|------------------------------|--|---|----------------------------------|
| <input type="checkbox"/> Linear Accelerator | Mev _____ | Types: <input type="checkbox"/> SRS <input type="checkbox"/> IMRT <input type="checkbox"/> IGRT <input type="checkbox"/> Other _____ | | |
| | Total Cost*: | <input type="checkbox"/> By Purchase | <input type="checkbox"/> By Lease | Expected Useful Life (yrs) _____ |
| | <input type="checkbox"/> New | <input type="checkbox"/> Refurbished | <input type="checkbox"/> If not new, how old? (yrs) _____ | |

| | | | | |
|------------------------------|------------------------------|---|---|----------------------------------|
| <input type="checkbox"/> MRI | Tesla: _____ | Magnet: <input type="checkbox"/> Breast <input type="checkbox"/> Extremity <input type="checkbox"/> Open <input type="checkbox"/> Short Bore <input type="checkbox"/> Other _____ | | |
| | Total Cost*: | <input type="checkbox"/> By Purchase | <input type="checkbox"/> By Lease | Expected Useful Life (yrs) _____ |
| | <input type="checkbox"/> New | <input type="checkbox"/> Refurbished | <input type="checkbox"/> If not new, how old? (yrs) _____ | |

| | | | | |
|------------------------------|-----------------------------------|--------------------------------------|---|----------------------------------|
| <input type="checkbox"/> PET | <input type="checkbox"/> PET only | <input type="checkbox"/> PET/CT | <input type="checkbox"/> PET/MRI | |
| | Total Cost*: | <input type="checkbox"/> By Purchase | <input type="checkbox"/> By Lease | Expected Useful Life (yrs) _____ |
| | <input type="checkbox"/> New | <input type="checkbox"/> Refurbished | <input type="checkbox"/> If not new, how old? (yrs) _____ | |

* As defined by Agency Rule 0720-9-.01(13)

B. In the case of equipment purchase, include a quote and/or proposal from an equipment vendor. In the case of equipment lease, provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments along with the fair market value of the equipment.

C. Compare lease cost of the equipment to its fair market value. Note: Per Agency Rule, the higher cost must be identified in the project cost chart.

D. Schedule of Operations:

| Location | Days of Operation (Sunday through Saturday) | Hours of Operation (example: 8 am – 3 pm) |
|------------------------------|--|--|
| Fixed Site (Applicant) | _____ | _____ |
| Mobile Locations (Applicant) | _____ | _____ |
| (Name of Other Location) | _____ | _____ |
| (Name of Other Location) | _____ | _____ |

E. Identify the clinical applications to be provided that apply to the project.

F. If the equipment has been approved by the FDA within the last five years provide documentation of the same.

SECTION B: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with T.C.A. §68-11-1609(b), “no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of health care.” Further standards for guidance are provided in the State Health Plan developed pursuant to T.C.A. §68-11-1625.

The following questions are listed according to the four criteria: (1) Need, (2) Economic Feasibility, (3) Applicable Quality Standards, and (4) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on 8 1/2" x 11" white paper, single-sided or double sided. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer, unless specified otherwise. ***If a question does not apply to your project, indicate “Not Applicable (NA).”***

QUESTIONS**NEED**

1. Provide a response to each criterion and standard in Certificate of Need Categories in the State Health Plan that are applicable to the proposed project. Criteria and standards can be obtained from the Tennessee Health Services and Development Agency or found on the Agency’s website at <http://www.tn.gov/hsda/article/hsda-criteria-and-standards>.

RESPONSE:

T.C.A. §68-11-1622 provides the legal authority for the Health Services and Development Agency (“HSDA”) to grant a CON for the establishment of a new nursing home and new nursing home beds from the so-called “Nursing Home Bed Pool,” with up to thirty (30) beds per applicant being allowable. Applications for Medicare SNF beds are reviewed pursuant to §68-11-1609. The general criteria of need, orderly development, and economic feasibility are further supported by the 2014 revisions to the State Health Plan Certificate of Need Standards and Criteria for Nursing Home Services (“Nursing Home CON Standards”). The responses below address these criteria.

1. *Determination of Need:*

The need for nursing home beds for each county in the state should be determined by applying the following population-based statistical methodology:

Rationale:

Need = .0005 x population 65 and under, plus
.012 x population 65-74, plus
.060 x population 75-84, plus
.150 x population 85 +

The Division has analyzed the existing Guidelines for Growth compared with the statewide utilization percentages as well as occupancy rates from the nursing home Joint Annual Reports (JARs) for 2012 and has determined that grounds to update the percentages are not sufficient to justify revision of the formula. While input from stakeholders supports that the existing formula is adequate to address statewide nursing home need at present, stakeholder input further suggests this formula may require re-evaluation based on the impact of factors such as patient participation in the TennCare CHOICES program authorized by the Long Term Care Community Choices Act of 2008, the change in Nursing Facility Level of Care Criteria for TennCare recipients in 2012, and other reimbursement and policy changes. The Division will assess the adequacy of the formula as circumstances concerning nursing homes develop.

County utilization does, of course, differ among the counties' age cohorts, and depends largely upon the availability of nursing home services as well as the availability of reimbursement for those services. The Division believes the criterion regarding the Average Daily Census of existing nursing homes in a Service Area, set forth in No. 4, will help balance any need "overstatements" the formula might calculate.

Research published by the Henry J. Kaiser Family Foundation in 2013 (<http://kff.org/medicaid/fact-sheet/overview-of-nursing-facility-capacity-financing-and-ownership-in-the-united-states-in-2011/>) shows a majority of people over the age of 65 will need long-term care services for an average of three years, and twenty percent of people will need more than five years of services. The percentage of the population over the age of 65 is expected to increase as the "baby boom" generation ages, and specifically the number of people 85 and older is expected to grow significantly. Tennessee's population projections are in-line with those reported nationally, if not slightly higher, for these age groups. How best to determine sufficient capacity to accommodate long-term care user choice in both institutional and community-based settings will continue to be a challenge for policy makers.

The Division recognizes that, increasingly, nursing homes are impacted by the decreases in reimbursement rates, the focus on shorter stays, and the encouragement by policies for nursing care to be provided elsewhere in the community or in the home. The result has been an overall decline in occupancy rates and an increase in the level of care required by nursing home patients.

As requested by stakeholders, the Division commits to making available to applicants a standard chart of the results of the need formula for each county as data are verified, finalized, and made available by the Tennessee Department of Health ("TDH").

RESPONSE: The first criterion which must be met is the need for the project. T.C.A. §68-11-1622 and Nursing Home CON Standards set out a population-based methodology for the need for new nursing home beds. Applying that methodology to the Tipton County population statistics provided by the TDH, a sufficient need for the project is demonstrated as follows:

| SUMMARY | 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------------------|------|------|------|------|------|
| Net Bed Need | 119 | 136 | 155 | 174 | 194 |
| Net Bed Need Increase | - | 17 | 19 | 19 | 20 |

The numerical need for nursing home beds far exceeds the proposed thirty (30) bed facility in the current year, in 2018 the proposed year of opening, and projected two (2) years into the future from the current year as provided for in the statute.

2. **Planning Horizon:** *The need for nursing home beds shall be projected two years into the future from the current year.*

Rationale: *The current Guidelines for Growth use a two year planning horizon; after consideration of the impact of a three year planning horizon, the Division believes a three year planning horizon has the potential to overstate need.*

RESPONSE: According to the Tennessee Population Projections published by the Division of Health Statistics of the Tennessee Department of Health and the applicable bed need formula, Tipton County has a net bed need for additional beds of one hundred fifty-five (155) in 2018, one hundred seventy-four (174) in 2019, and 194 in 2020.

3. **Establishment of Service Area:** *A majority of the population of the proposed Service Area for any nursing home should reside within 30 minutes travel time from that facility. Applicants may supplement their applications with sub-county level data that are available to the general public to better inform the HSDA of granular details and trends; however, the need formula established by these Standards will use the latest available final JAR data from the Department of Health. The HSDA additionally may consider geographic, cultural, social, and other aspects that may impact the establishment of a Service Area.*

Rationale: *The current Guidelines for Growth also state a majority of the population of a service area should reside within 30 minutes travel time. In many cases it is likely that a proposed nursing home's service area could draw much more significantly from a specific area of a county. However, utilization data-which are critical to the need formula-are available from the Department of Health only at the county level. When available, the Division would encourage the use of subcounty level data that are available to the general public (including utilization, demographics, etc.) to better inform the HSDA in making its decisions. Because nursing home patients often select a facility based on the proximity of caregivers and family members, as well as the proximity of the facility, factors other than travel time may be considered by the HSDA.*

RESPONSE:

Guidelines for Growth
Need Calculation

| TIPTON COUNTY Age- Formula/Year | Factor | 2016 Pop. | 2016 Need | 2017 Pop. | 2017 Need | 2018 Pop. | 2018 Need | 2019 Pop. | 2019 Need | 2020 Pop. | 2020 Need |
|--|--------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 0-64 (x .0005) | 0.0005 | 58,118 | 29 | 58,675 | 29 | 59,273 | 30 | 59,717 | 30 | 60,152 | 30 |
| 65-74 (x .0120) | 0.012 | 5,754 | 69 | 6,058 | 73 | 6,233 | 75 | 6,605 | 79 | 6,945 | 83 |
| 75-84 (x .0600) | 0.06 | 2,572 | 154 | 2,662 | 160 | 2,833 | 170 | 2,950 | 177 | 3,112 | 187 |
| 85 + (x .1500) | 0.15 | 806 | 121 | 852 | 128 | 900 | 135 | 948 | 142 | 987 | 148 |
| Projected Need | | | | | | | | | | | |
| Total Existing Beds | | | 254 | | 254 | | 254 | | 254 | | 254 |
| Total Outstanding Beds | | | 0 | | 0 | | 0 | | | | 0 |
| BED NEED | | | 119 | | 136 | | 155 | | 174 | | 194 |

The Applicant's project meets the criteria that a majority of the population of the proposed Service Area of Tipton County should reside within thirty (30) minutes travel time from the proposed facility.

The proposed service area is Tipton County. This service area is reasonable, as distances to the project from all areas of the service area are considered reasonable in terms of experience with long term care facilities regarding how far seniors and/or their families are willing to drive or move. All areas of the service are within approximately fifteen (15) miles and thirty (30) minutes' drive to the project site. During market study interviews, residents of the Brighton community expressed a desire to stay in and obtain their long term care in the community, and expressed less desire to travel to the larger towns of Covington and Atoka. While some residents may come from beyond Tipton County, the Applicant has used Tipton County to base its need and other projections.

- Existing Nursing Home Capacity:** *In general, the Occupancy Rate for each nursing home currently and actively providing services within the applicant's proposed Service Area should be at or above 90% to support the need for any project seeking to add new nursing home beds within the Service Area and to ensure that the financial viability of existing facilities is not negatively impacted. When considering replacement facility or renovation applications that do not alter the bed component within the Service Area, the HSDA should consider as the primary factor whether a replacement facility's own occupancy rate could support its economic feasibility, instead of the occupancy rates of other facilities in the Service Area.*

Rationale: The words "In general" are specifically included in this Standard because several factors contribute to the ability of existing nursing homes to meet need, including in particular the designation of beds by payer mix and the specific services provided. Private insurance, Medicaid (TennCare), and Medicare reimburse services at different rates and for different purposes and lengths of stay. An applicant may be able to make a case for licensed beds if, for example, specific ancillary services or bed types are lacking in a proposed Service Area, whether or not all nursing homes in a Service Area have Occupancy Rates at or above 90%. A Preference should be provided to an applicant wishing to provide Medicaid (TennCare) beds. The Division is of the opinion that the following types of applications seek to increase/alter the number of nursing home beds within a Services Area:

- a. An applicant seeks to add new nursing home beds;
- b. An applicant seeks to relocate an existing facility to a new Service Area;
- c. An applicant seeks to establish a new facility not currently operating (i.e., does not seek a replacement of an existing, operating facility); and
- d. An applicant seeks to take a single existing licensed facility and divide its bed component into more than one licensed facility (this last application type should not be viewed as merely a replacement of an existing facility, and usually requires legislation authorizing this division of beds).

RESPONSE: The Nursing Home CON Standards state, in general, the Occupancy Rate for each nursing home currently and actively providing services within the applicant's proposed Service Area should be at or above 90% to support the need for any project seeking to add new nursing home beds within the Service Area and to ensure the financial viability of existing facilities is not negatively impacted.

There are two existing nursing homes in Tipton County both located in Covington, which is farther north than Brighton. Covington Care Nursing and Rehabilitation Center, Inc. has ninety-eight (98) beds and River Terrace Health and Rehab Center (which, until May 2016, was called Covington Health Care and Rehabilitation, Inc.) has one-hundred and fifty-six (156) beds. According to HSDA's Certificate of Need Project Log, neither facility has undergone any expansion or renovation requiring a CON since 1997. Both facilities are traditional nursing homes and are not similar to the Green House concept the applicant seeks to develop. The existing facilities overwhelmingly do not offer private rooms, with only ten percent (10%) (Covington Care) and five percent (5%) (River Terrace) of their beds being private, according to the 2014 Joint Annual Report.

The two current facilities are below the ninety percent (90%) occupancy level. However, the applicant believes these occupancy numbers are explained by a number of factors, other than the lack of need for addition nursing home beds in Tipton County.

- The occupancy factors of the existing facilities are vastly inconsistent with the official Tennessee population-based methodology for the need for new nursing home beds that projects a need for 119-194 beds during the next four (4) years.

Given a low need or even a surplus, the existing facilities' lack of occupancy could be explained by a lack of need. However, given the need for nearly fifty percent (50%) more nursing home beds in the county, factors reflecting the desirability of the facilities and the services offered are more likely to explain the occupancy factors.

- The hypothesis that existing providers do not meet the needs of the county residents are also supported by evidence of out-county migration of Tipton County residents seeking services. For example, Millington Healthcare, an eighty-five (85) bed traditional nursing home located in Shelby County reported a 2014 occupancy of ninety-one percent (91%), and had reported twenty-three percent (23%) of its residents were from Tipton County (19 of 82 residents). Millington is approximately twenty (20) minutes from the proposed facility versus about fifteen (15) minutes from the existing site to the two existing facilities. This facility's ability to attract Tipton County residents, and Tipton County residents seeking those services from other than facilities in-county indicate the need calculations are likely accurate, but there are service needs not adequately met by the existing facilities. Similarly, Galloway Health Care, a one hundred four (104) bed facility in adjoining Fayette County, reported a ninety-one percent (91%) occupancy in 2014. Galloway is approximate thirty (30) minutes from the project sight.
- Occupancy at the two existing facilities may suffer because the facilities are outdated. Both facilities are over twenty (20) years old, with Covington Care opening in 1994 and River Terrace opening in 1976. Even if renovated in the interim, the current state-of-the art design of nursing facilities, and particularly in the Green House model, is vastly different from facilities built in that period.
- Lastly, the low occupancy also ties to the perception of the services at the River Terrace Health and Rehab Center, whether that public perception is accurate or not. According to Nursing Home Compare, the facility rated as a one star facility (out of five), with health inspection and staffing ratings also being one star. CMS indicates a one-star facility is "much below average," which, whether an accurate rating or not, can and does affect the public perception of the facility's services. The Facility also recently underwent a change in ownership.

5. Outstanding Certificates of Need: Outstanding CONs should be factored into the decision whether to grant an additional CON in a given Service Area or county until an outstanding CO N's beds are licensed.

Rationale: This Standard is designed to ensure that the impact of a previously approved CON for the provision of nursing home services in a given service area is taken into consideration by the HSDA.

RESPONSE: The HSDA shows no outstanding certificates of need in the service area of Tipton County.

6. **Data:** The Department of Health data on the current supply and utilization of licensed and CON-approved nursing home beds should be the data source employed hereunder, unless otherwise noted.

Rationale: Using one source for data is the best way to ensure consistency across the evaluation of all applications. The Division believes the TDH's data should be relied upon as the primary source of data for CON nursing home services applications.

RESPONSE: The Applicant will participate in any data production of collection activities and acknowledges its agreement to this criteria.

7. **Minimum Number of Beds:** A newly established free-standing nursing home should have a sufficient number of beds to provide revenues to make the project economically feasible and thus is encouraged to have a capacity of least 30 beds. However, the HSDA should consider exceptions to this standard if a proposed applicant can demonstrate that economic feasibility can be achieved with a smaller facility in a particular situation.

Rationale: Quality of care is impacted by the relationship between facility size and the appropriate staffing of the facility. Assuming appropriate staffing exists, the HSDA should consider each applicant's circumstances individually regarding facility size. The Division's research in Tennessee indicates that 90- 120 licensed beds may be an optimal range for ensuring both economic feasibility and the delivery of quality care. However, exceptions to this general range are certain to arise.

Two examples of such circumstances could be: 1) When a newly proposed facility is planned in conjunction with an existing continuum of services, such as the development of a continuing care campus or other type of multiple service provider, in which case a smaller number of beds may be justified; and 2) If the existing resources in a sparsely populated rural area are not sufficient and new nursing homes are needed, a smaller facility may be justified as compared to a larger facility. The State Health Plan encourages the HSDA to evaluate such applications carefully to ensure that they propose to provide services adequately to a broad population.

RESPONSE: The Applicant meets the recommended minimum of having thirty (30) beds for a free-standing nursing home, and notes it is statutorily limited to applying only for thirty (30) Medicare certified beds. The criteria also direct that:

The HSDA should consider exceptions to this standard if a proposed applicant can demonstrate that economic feasibility can be achieved with a smaller facility in a particular situation.

Assuming appropriate staffing exists, the HSDA should consider each applicant's circumstances individually regarding facility size. The Division's research in Tennessee indicates that 90-120 licensed beds may be an optimal range for ensuring both economic feasibility and the delivery of quality care.

However, exceptions to this general range are certain to arise. Two examples of such circumstances could be: 1) When a newly proposed facility is planned in conjunction with an existing continuum of services, such as the development of a continuing care campus or other type of multiple service provider, in which case a smaller number of beds may be justified; and 2) If the existing resources in a sparsely populated rural area are not sufficient and new nursing homes are needed, a smaller facility may be justified as compared to a larger facility. The State Health Plan encourages the HSDA to evaluate such applications carefully to ensure that they propose to provide services adequately to a broad population.

A noted in the Applicant's Projected Data Chart, the project demonstrates that it will be economically feasible and that given the novelty of Green Houses to Tennessee (there are only 2), the general criteria should be viewed in light of the significant differences between traditional nursing homes and the proposed Green House model.

Two examples supporting such a flexible view of minimum beds are included in the rationale, and are met by this project. The newly proposed Green House facility will provide a continuum of services in two ways. Second, the Green House model itself is built around an aging in place concept, so that services and supports are tailored and "built around" the needs of residents in a very person-centered way and to a much greater extent than traditional nursing home settings. Second, the overall development by Life Option on the proposed site also includes the construction of thirty (30) assisted care living beds to provide the noted continuum of care.

The project also meets the second exception circumstances because the Applicant's facility will be located in a moderately rural area where the existing resources are not sufficient to meet the qualitative, as well as the numeric needs of the community. This is evidenced by the overwhelming need of several hundred new beds in the county based on the need formula projections in item #1.

8. Encouraging Facility Modernization: *The HSDA may give preference to an application that:*

- a. Proposes a replacement facility to modernize an existing facility.*
- b. Seeks a certificate of need for a replacement facility on or near its existing facility operating location. The HSDA should evaluate whether the replacement facility is being located as closely as possible to the location of the existing facility and, if not, whether the need for a new, modernized facility is being impacted by any shift in the applicant's market due to its new location within the Service Area.*
- c. Does not increase its number of operating beds.*

In particular, the HSDA should give preference to replacement facility applications that are consistent with the standards described in TCA §68-11-1627, such as facilities that seek to replace physical plants that have building and/or life safety problems, and/or facilities that seek to improve the patient-centered nature of their facility by adding home-like features such as private rooms and/or home-like amenities.

Rationale: *The aging of nursing home facilities is an increasing concern within the industry. This standard seeks to provide support for an existing nursing home to modernize/update its facilities.*

RESPONSE: While this criteria addresses the evaluation of replacements to existing facilities and does not directly apply to this newly proposed facility, the underlying intent of the criteria is completely consistent with this project. This criteria was put into the revised criteria to ensure the HSDA “gave preference” to those facilities that were seeking to update and modernize their delivery of long term care through investment of new capital to update, modernize, or replace aging and/or outdated facilities.

This criteria specifically directs (“the HSDA should give preference...”) that facility applications “that seek to improve the patient-centered nature of their facility by adding home-like features such as private rooms and/or home-like amenities.” While it is not a replacement facility, the Life Options of West Tennessee Green House project is exactly the type of project this criteria directs HSDA to prefer in applications. In its very design, philosophy, and operation, the Green House is designed to be a patient’s home. The information presented in the application demonstrates that, more than any existing nursing home model, it does exactly that and therefore should be very favorably considered by the HSDA.

- 9. Adequate Staffing:** *An applicant should document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise, and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed Service Area. However, when considering applications for replacement facilities or renovations of existing facilities, the HSDA may determine the existing facility's staff would continue without significant change and thus would be sufficient to meet this Standard without a demonstration of efforts to recruit new staff.*

RESPONSE: Labor statistics for the Tipton County area support the availability of and accessibility to human resources required by the proposal. Tennessee Department of Labor 2015 statistics for Tipton County show an excess of unemployed individuals for available positions. The Facility will pay wages and offer benefits which are in-line with the prevailing rates of other employment opportunities in the community. In The Facility plans its marketing and recruitment to emphasize to potential employees the desirability of the Green House model for staff of the facility. Green House data reports a four-fold increase in staff time spent engaging with elders (outside of direct care activities) in Green House settings, and report direct care staff report less job-related stress.

- 10. Community Linkage Plan:** *The applicant should describe its participation, if any, in a community linkage plan, including its relationships with appropriate health care system providers/services and working agreements with other related community services to assure continuity of care. If they are provided, letters from providers (including, e.g., hospitals, hospice services agencies, physicians) in support of an application should detail specific instances of unmet need for nursing home services.*

Rationale: *Coordinated, integrated systems of care may not be in place in much of rural Tennessee, and therefore this language has been deleted. Additionally, the Division recognizes that nursing homes may not be the primary drivers of community linkage plans, and the Division does not mean to suggest that an applicant should develop one itself; instead it should provide information on its participation in a community linkage plan, if any. However, the Division recognizes that hospitals, particularly rural ones, often encounter difficulties in discharge planning to nursing homes due to a lack of available beds. CON applications for new nursing home beds should therefore also provide letters from hospitals, hospice service agencies, physicians, or any other appropriate providers, to provide evidence of unmet need and the intent to meet that need.*

RESPONSE: As a yet-to-be developed facility, the Applicant has not developed a community linkage plan. However, its development process, to date, has closely involved key members of its target service area community, and there is strong community support for and connection to the project. The Applicant will develop transfer agreements with nearby hospitals, home health agencies, and other health care providers once licensed and operational. It will also explore opportunities to partner with other providers, including hospitals, to analyze and report on outcomes of post-acute patients to improve its working relationship with hospitals that refer or receive its patients.

- 11. Access:** *The applicant should demonstrate an ability and willingness to serve equally all of the Service Area in which it seeks certification. In addition to the factors set forth in HSDA Rule 0720-11-.01(1) (listing the factors concerning need on which an application may be evaluated), the HSDA may choose to give special consideration to an applicant that is able to show that there is limited access in the proposed Service Area. However, an applicant should address why Service Area residents cannot be served in a less restrictive and less costly environment and whether the applicant provides or will provide other services to residents that will enable them to remain in their homes.*

RESPONSE: The movement toward culture change and individualized services in nursing homes has led to new configurations of nursing homes that are more normalized and utilize household models. While Tipton County does have existing skilled nursing facilities, the projected need data demonstrates the existing beds in those facilities will not meet projected demand. Additionally, the Tipton County and ex-urban Memphis area does not currently have a Green House facility provider. The project will provide access to these very person-centered Green House services that are highly demanded by consumers (see Green House information).

In a telephone survey of the two existing Green House providers in Tennessee, they reported their Green House units are fully occupied and consistently stay that way, with a long waiting list of individuals who have expressed specific interest in those units and services.

- 12. Quality Control and Monitoring:** *The applicant should identify and document its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance*

and Performance Improvement program as required by the Affordable Care Act. As an alternative to the provision of third party accreditation information, applicants may provide information on any other state, federal, or national quality improvement initiatives. An applicant that owns or administers other nursing homes should provide detailed information on their surveys and their quality control programs at those facilities, regardless of whether they are located in Tennessee.

Rationale: This section supports the State Health Plan's Principle No. 4 for Achieving Better Health regarding quality of care. Typically, nursing homes are not accredited by the Joint Commission or other accrediting bodies; applicants instead are asked and encouraged to provide information on other quality initiatives. The intent of this alternative is to permit the applicant to show its commitment to, as well as its performance regarding, quality control and improvement. Surveys and quality control programs at sister facilities may provide an indication of future quality performance at the applicant's proposed facility and are relevant to the HSDA's assessment of the application.

RESPONSE: The movement toward culture change and individualized services in nursing homes has led to new configurations of nursing homes that are more normalized and utilize household models. From a quality perspective, Green House models generally report favorable results when compared with peers.

As reported in the attached study, Effects of Green House Nursing Homes on Resident's Families, "The GH® represented a dramatic change for family members in ways that might have challenged their prior views of a safe and appropriate nursing home experience which could have increased their anxieties for their residents. The positive results suggest that families are likely to be favorable to the kind of culture change represented by the GH®s. The improved scores in the satisfaction domains suggest that families appreciated increased autonomy for their residents, approved of the enhanced privacy and physical environments, perceived that general amenities including meals and housekeeping were better..., and that the changed power structure and the new CNA roles at the GH® led to a perception that health care services were also more available and responsive compared to both settings."

From a quality monitoring standpoint, the Applicant's facility will meet and exceed the Quality Assessment and Assurance and Quality Assessment and Performance Improvement (QAPI) requirements mandated by Centers for Medicare and Medicaid Services regulations, which are surveyed by the Department of Health. The Center will use that process as a guide for their internal committee activities. The Applicant states its operational plans include systems to actively monitor key patient care outcomes (pressure ulcers, weight loss, and falls with injury) and respond when data indicates a need; review of the Quality Measure data and work to improve the services provided to patients.

- 13. Data Requirements:** Applicants should agree to provide the TDH and/or the HSDA with all reasonably requested information and statistical data related to the operation and provision of services at the applicant's facility and to report that data in the time

and format requested. As a standard of practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.

RESPONSE: As provided in the criteria, the Applicant agrees to provide the TDH and/or the HSDA with all reasonably requested information and statistical data related to the operation and provision of services at the applicant's facility and to report that data in the time and format requested.

14. Additional Occupancy Rate Standards:

- a. *An applicant that is seeking to add or change bed component within a Service Area should show how it projects to maintain an average occupancy rate for all licensed beds of at least 90 percent after two years of operation.*
- b. *There should be no additional nursing home beds approved for a Service Area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 90 percent. In determining the Service Area's occupancy rate, the HSDA may choose not to consider the occupancy rate of any nursing home in the proposed Service Area that has been identified by the TDH Regional Administrator as consistently noncomplying with quality assurance regulations, based on factors such as deficiency numbers outside of an average range or standards of the Medicare 5 Star program.*
- c. *A nursing home seeking approval to expand its bed capacity should have maintained an occupancy rate of 90 percent for the previous year.*

Rationale: *The Division believes reducing the occupancy rates from 95 to 90 percent in numbers 14b and 14c more accurately reflects overall occupancy in the state, and also would take into consideration some increasing vacancy rates that current nursing homes may be experiencing due to decreasing admissions overall and increasing patient turnover due to short-stay patients.*

RESPONSE:

- (a) In response to Standard 14(a), the Applicant is seeking to add or change bed components within a Service Area and it does project it will maintain an average occupancy rate for all its licensed beds of at least ninety percent (90%) after two years of operation. The Applicant projects it will have 10,404 patient days in Year 2 which equates to a ninety-five percent (95%) occupancy rate. Based on the demand for other Green House facilities, this occupancy rate is well supported. On September 12, 2016, the Applicant contacted the two existing Green House facilities and surveyed them on the following two questions:

- 1) Are the units/beds in your Green House at full occupancy at the moment?
- 2) Generally, do units/beds in your Green House stay full all the time?

In response, Ave Maria reported to the Applicant all of their Green House beds were at full occupancy and yes, they do stay full all of the time. Jefferson County

Nursing Home also reported their Green House beds are full currently and yes they do stay full. Jefferson County also reported they have an internal "interest list" of about thirty-three (33) current residents who wish to move at some point to a Green House unit.

In response to Standard 14(b), the statistical data does indicate the two existing facilities are not at historical annual occupancy percentage of ninety percent (90%). However, Brecht Associates reported as part of its June 2016 market feasibility study the following more current occupancy numbers (see Brecht Market Feasibility Study Excerpts, Appendix B-14):

- Covington Care reported to Brecht a June 2016 occupancy of 89%
- River Terrace reported to Brecht a June 2016 occupancy of 80% (noting that some of its rooms are closed for renovations and that was the percentage of available rooms)

- (b) The Applicant's statistical analysis and explanations within the application demonstrate the occupancy factor of those facilities are not being driven by a lack of need in the service area. As noted above in the response to Standard 4 above, there is an overwhelming need for additional nursing home beds in the community, as demonstrated a projected need for 119-194 beds during the next four years.

Moreover, as noted in the standard, it is suggested the Agency carefully consider whether it allow the low occupancy of certain facilities in the area to affect the ability of a new provider to come into the market, and especially one with a transformative new model of care. Therefore, the HSDA should exercise its authority under the standard and choose not to consider the occupancy rate of River Terrace Health and Rehab Center, which according to Nursing Home Compare, the facility rated as a one star facility (out of five), with health inspection and staffing ratings also being one star. Whether an accurate rating or not, can and does affect the public perception of the facility's services.

The most important consideration for the Agency is the overall intent of the guidelines directing the Agency to carefully consider whether it is "orderly development" to allow the low occupancy of certain facilities in the area to affect the ability of a new provider to come into the market, especially when the proposed new project introduces a new and transformative model of care. The standards relating to ninety percent (90%) occupancy are only a general guide to the determination of whether a new project should be approved. They are not a binding criteria to be applied without consideration of the proposal and the service area's needs. The Applicant supports its position by noting that Standard 4, which more specifically addresses existing nursing home capacity than Standard 14 notes,

"An applicant may be able to make a case for licensed beds if, for example, specific ancillary services or bed types are lacking in a proposed Service Area, whether or not all nursing homes in a Service Area have Occupancy Rates at or above 90%."

In addition, at Standard 3, the guidelines state:

"...nursing home patients often select a facility based on the proximity of caregivers and family members, as well as the proximity of the facility, factors other than travel time may be considered by the HSDA."

The applicant's proposed Green House will not have a marked negative effect on the existing facilities. The Applicant proposes a service area of Tipton County, but as indicated in the market study prepared for the project, individuals in the core service area do not believe the current service capacity is overall meeting the needs. The applicant's market study by Brecht Associates listed the following findings:

Qualitative Interviews

Interviews were conducted with an external audience including a sampling of planning, senior services, health care, and municipal representatives in the Brighton area.

- Almost all respondents were unfamiliar with the Green House concept, however all were interested in being educated about it. Once educated, almost all were enthusiastic about the prospect of developing the GHHs as an alternative to a traditional nursing home. An education process in the market area to seniors and families is perceived as very necessary.*
- A majority of those interviewed feel there is a need for additional NF and AL beds, particularly in light of the aging Baby Boomers. Most cited the fact that there are typically waiting lists to move into the local nursing facilities and that there is little available in the southern part of the county (Brighton and further south).*
- Some remarked that there is nothing similar to the GHH nursing concept in the market and that this would be unique and attractive to seniors. Several mentioned that the pricing of a new facility would need to be in line with that of existing competitors.*
- Benefits of GHHs were perceived to be readily available companionship, socialization, sense of belonging and support to address the challenges of lack of mobility and loneliness. The home like setting that is less institutional than in a traditional NF and the freedom to make their own choices and have individual (private) rooms is extremely important. Recreational space and the ability to get outside and have pets is welcomed.*

The lower than expected occupancy percentages at other existing facilities are not due to a lack of need in the community. The low occupancy ties to the perception of the services at those facilities, whether that public perception is accurate or not. As explained above in this response and in the response to Standard 4, the correct

conclusion is that existing providers do not meet the needs of the county residents. It is supported statistically by an overwhelming need for new nursing home beds despite lower than expected occupancy. It is supported by evidence of out-county migration of Tipton County residents seeking services, as noted in the response at Standard 4. It is supported by the two existing facilities being affected by a perception that they are outdated and inconsistent with the current state-of-the art design of nursing facilities, and particularly in the Green House model, which is vastly different from the existing facilities. It is supported by the market study findings excepted above. Lastly, it is supported by a statement of support from Sam Lynd, the CEO of Baptist Memorial Hospital-Tipton. As you read in his statement, Mr. Lynd is in strong support of the project and its need, stating:

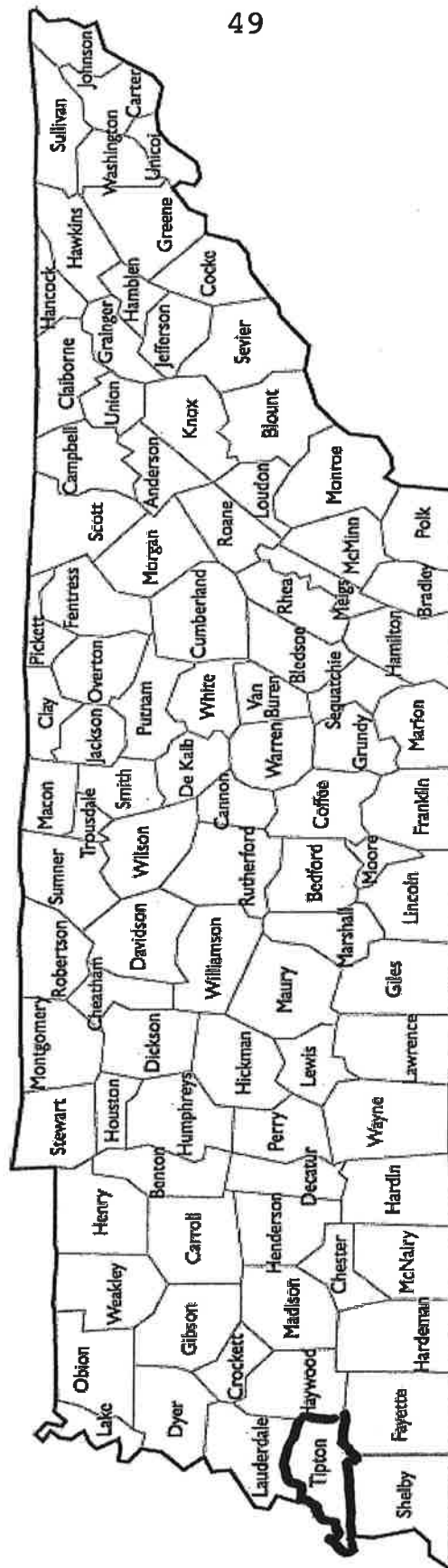
As the county's only hospital, we promote the advancement and evolution of health care services in Tipton County. This project will help to drive improvements in post-acute care in Tipton County and across the region, if executed with the success realized in other markets. Post-acute care is certainly needed in our service area and I hope this project will drive existing providers to evolve their own care delivery models so we can grow our ability to keep our patients healthy and most importantly, with a higher quality of life.

The existing providers will not be impacted by any changes in the patient referral stream. Likely, they may be favorably impacted by the development of a continuum of care within Tipton County, because additional retirees will concentrate within the county and need long term care. Therefore, the additional nursing home beds will not be an independent factor affecting the existing providers or their occupancy.

The financial information provided in the Joint Annual Report also supports existing providers are profitable despite their reported lower than expected occupancy. According to the 2014 JARs, Covington Care reported a net profit of \$848,423.00 (not including depreciation). River Terrace (at the time Covington Health and Rehabilitation) did report a loss of approximately \$304,000.00, but when an average rate of depreciation is included on their \$7.5M of assets are included, they likely realized at least a modest profit. Therefore, the available financial information indicates lower than average occupancy does not appear to create an identifiable negative impact to the existing facilities.

- c) Criteria C is not applicable to this project.

County Level Map



4. A. 1) Describe the demographics of the population to be served by the proposal.

50

2) Using current and projected population data from the Department of Health, the most recent enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, complete the following table and include data for each county in your proposed service area.

Projected Population Data: <http://www.tn.gov/health/article/statistics-population>

TennCare Enrollment Data: <http://www.tn.gov/tenncare/topic/enrollment-data>

Census Bureau Fact Finder: <http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>

RESPONSE: Life Option's primary service area is Tipton County and the following summarize some of the demographic data for the service area:

- The total population of Tipton County is estimated at 67,250 residents in calendar year (CY) 2016 increasing by approximately 1.0 to 69,239 residents in CY 2018. Target population (65+) population will grow by about 9.0% in that period.
- The overall statewide population is projected to grow by 2.2% from 2016 to 2018
- The Tipton County population cohort of age 65 and older presently accounts for approximately 14.4% of the total population compared to a state-wide percentage of 16.9% in CY 2016.
- The 65 and older population will increase 9.1% between 2016 and 2018 in Tipton County. The statewide 65 and older population will increase 6.1 % during the same timeframe.
- The population age 75+ within the service area is estimated to increase at a rate of 3.5 percent annually from 2016 to 2021, for a net increase of approximately 942 individuals (from 5,082 to 6,024 individuals). This 75+ age cohort will represent 6.4 percent of the total population by 2021. (According to market study data from Claritas)
- Indicative of future demand, the population age 65 to 74 is estimated to increase significantly by 3.4 percent annually, for a net increase of 1,448 individuals between 2016 and 2021.

| Demographic Variable/Geographic Area | Department of Health/Health Statistics | | | | | | | Bureau of the Census | | | | TennCare | |
|--------------------------------------|--|--|---------------------------|--|--|-----------------------------|--|----------------------|-------------------------|----------------------------|--|--------------------|----------------------------------|
| | Total Population-Current Year (2016) | Total Population-Projected Year (2018) | Total Population-% Change | *Target Population-Current Year (2016) | *Target Population-Projected Year (2018) | *Target Population-% Change | Target Population-Projected Year as % of Total | Median Age | Median Household Income | Person Below Poverty Level | Person Below Poverty Level as % of Total | TennCare Enrollees | TennCare Enrollees as % of Total |
| Tipton County | 67,250 | 69,239 | 3.0% | 9,132 | 9,966 | 9.1% | 14.4% | 37 | \$53,133 | n/a | 13.1% | 14,419 | 21% |
| Service Area Total | 67,250 | 69,239 | 3.0% | 9,132 | 9,966 | 9.1% | 14.4% | 37 | \$53,133 | n/a | 13.1% | 14,419 | 21% |
| State of TN Total | 6,812,005 | 6,962,031 | 2.2% | 1,091,516 | 1,175,143 | 7.7% | 16.9% | 38 | \$44,621 | n/a | 17.8% | 1,557,955 | 23% |

* Target Population is population that project will primarily serve. For example, nursing home, home health agency, hospice agency projects typically primarily serve the Age 65+ population; projects for child and adolescent psychiatric services will serve the Population Ages 0-19. Projected Year is defined in select service-specific criteria and standards. If Projected Year is not defined, default should be four years from current year, e.g., if Current Year is 2016, then default Projected Year is 2020.

- B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

RESPONSE: Various statistics highlight the population of Tipton County as one with a significant aging and target long term care component, and a population with a significant instance of chronic health conditions leading to the need for long term care.

The Tipton County service area has a higher projected growth rate in the target 65+ population than the state as a whole (2.2 % vs. 3%). Additionally, the target population is a greater percentage of Tipton County residents than in the rest of Tennessee (7.7 % vs. 9.1%). As part of its market feasibility study, there were 3,251 discharges from hospitals (within the multiple county area around Memphis) to SNFs in Fiscal year 2015, with 478 of those discharges coming within the specific service area for this project. Those discharges indicated a need for long term care services as part of post-acute rehabilitation and in some cases ongoing long term care as a result of deficits from those diseases and/or medical events.

Data from the Department of Health suggests many of those hospitalizations result from poor health status both overall and as these individuals age. From 2007 to 2009, the three leading causes of death of Tipton County residents are heart disease, cancer, and chronic lower respiratory diseases. The table below also indicates that Tipton County ranks poorly in many disease and epidemiological rankings amongst the counties in Tennessee. (Source: *Chronic Disease Health Profile Regions And Counties: Tennessee, Office of Policy, Planning & Assessment Surveillance, Epidemiology and Evaluation, December 2011*)

| Indicator | Rank (by County) |
|----------------------------------|------------------|
| High School Education and Higher | 12 |
| Individuals in Poverty | 53 |
| Unemployment | 31 |
| Crime | 25 |
| Teen Pregnancy | 54 |
| Infant Mortality | 48 |
| All-Cause Mortality | 32 |
| Heart Disease Mortality | 32 |
| Stroke Mortality | 74 |
| CLRD Mortality | 24 |
| Diabetes Mortality | 64 |
| Cancer Mortality | 12 |
| Cancer Incidence | 50 |
| Lung Cancer Incidence | 57 |

| | | |
|------------------------------------|-----------|-----------|
| Breast Cancer Incidence | 52 | 55 |
| Colorectal Cancer Incidence | | 24 |
| Prostate Cancer Incidence | | 8 |

The Applicant conducted interviews with Tipton County residents as part of its feasibility study. Those interviews revealed that there is a perceived need for additional nursing home and assisted living beds, particularly in light of what is perceived as an aging baby boomer population. Most individuals cited a need for nursing facility care because of waiting lists at existing area facilities. Many noted that there is no "Greenhouse" model in the service area and this unique and different model would be very attractive to the needs of Tipton county seniors. All those interviewed perceived a need for specialty types of long term care, with memory care for those with advancing dementia being the most frequently cited need of the community.

From an income perspective, there are portions of individuals 65+ and 75+ on both ends of the income spectrum. Using proprietary market feasibility data (from Claritas), the applicant identified that households age 65+ are fairly evenly distributed from an income perspective, with roughly even distribution of households below \$15,000 in annual income with those over \$100,000 in annual income.

The proposed project will be accessible to all consumers, including women, racial and ethnic minorities, and low-income groups seeking both long term care nursing home services and skilled care. The services proposed in the application address special needs of the population which the Green House will serve and services will be made readily available to each of the following:

- (a) Low income persons;
- (b) Racial and ethnic minorities;
- (c) Women;
- (d) Handicapped persons;
- (e) Elderly; and
- (f) Other underserved persons (e.g., "sub-acute" care patients discharged from hospitals and persons with dementia).

Consistent with Life Options' existing mission statement and historical role in serving older individuals in need, the Applicant's services will be readily accessible to low income persons, racial and ethnic minorities, women, handicapped persons, elderly, and other underserved persons.

5. Describe the existing and approved but unimplemented services of similar healthcare providers in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. List each provider and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: Admissions or discharges, patient days, average length of stay, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc. This doesn't apply to projects that are solely relocating a service.

RESPONSE: There are no outstanding but ⁵³unimplemented CONs for Tipton County. There are two existing nursing homes in Tipton County both located in Covington, which is farther north than Brighton. Covington Care Nursing and Rehabilitation Center, Inc. has ninety-eight (98) beds and River Terrace Health and Rehab Center (which until May 2016 was called Covington Health Care and Rehabilitation, Inc.) has one-hundred and fifty-six (156) beds. According to HSDA's Certificate of Need Project Log, neither facility has undergone any expansion or renovation requiring a CON since 1997. Both facilities are traditional nursing homes and are not similar to the Green House concept the applicant seeks to develop. The existing facilities overwhelmingly do not offer private rooms, with only 10% (Covington Care) and 5% (River Terrace) of their beds being private, according to the 2014 Joint Annual Report.

A table showing historical utilization for the two licensed facilities is included below:

| LEVEL OF CARE | DATA ELEMENT | 2013 – COVINGTON HEALTH CARE AND REHABILITATION | 2014 – COVINGTON HEALTH CARE AND REHABILITATION | 2013 – COVINGTON CARE NURSING AND REHABILITATION | 2014 – COVINGTON CARE NURSING AND REHABILITATION |
|---|----------------------------------|---|---|--|--|
| Medicare – Skilled Care | Admissions | 137 | 121 | 175 | 157 |
| | Discharges (including deaths) | 104 | 131 | 169 | 166 |
| | Deaths | 8 | 11 | 16 | 4 |
| | Discharge Res Days (incl deaths) | 3774 | 3104 | 6862 | 5739 |
| | Average Length of Stay | 36.3 | 24 | 40.6 | 35 |
| Level II/ Skilled Care (Non-Medicare) | Admissions | 44 | 37 | 17 | 24 |
| | Discharges (including deaths) | 35 | 34 | 19 | 27 |
| | Deaths | 2 | 0 | 0 | 1 |
| | Discharge Res Days (incl deaths) | 630 | 489 | 683 | 774 |
| | Average Length of Stay | 18.0 | 14 | 35.9 | 29 |
| Level I/ ICF | Admissions | 66 | 107 | 85 | 81 |
| | Discharges (including deaths) | 66 | 118 | 78 | 78 |
| | Deaths | 33 | 29 | 23 | 12 |
| | Discharge Res Days (incl deaths) | 52118 | 42135 | 18765 | 19736 |
| | Average Length of Stay | 789.7 | 357 | 240.4 | 253 |
| Skilled Care, Level II & Level I Totals | Admissions | 247 | 265 | 277 | 262 |
| | Discharges (including deaths) | 205 | 283 | 266 | 271 |
| | Deaths | 43 | 40 | 39 | 17 |
| | Discharge Res Days (incl deaths) | 56522 | 45728 | 26300 | 26249 |
| | Average Length of Stay | 275.7 | 162 | 98.9 | 97 |

- Provide applicable utilization and/or occupancy statistics for your institution for each of the past three years and the projected annual utilization for each of the two years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

54
RESPONSE: The Applicant request a certificate of need for a new facility, and therefore historical occupancy statistics are not applicable. With respect to projected utilization, the applicant projects the following:

| | Year 1 | Year 2 |
|-----------------------|-------------|-------------|
| Total Patient Days | 8,929 | 10,404 |
| Total Patient Revenue | \$3,034,569 | \$3,622,528 |
| | | |
| | | |
| | | |

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.
 - A. All projects should have a project cost of at least \$15,000 (the minimum CON Filing Fee). (See Application Instructions for Filing Fee)
 - B. The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.
 - C. The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
 - D. Complete the Square Footage Chart on page 8 and provide the documentation. Please note the Total Construction Cost reported on line 5 of the Project Cost Chart should equal the Total Construction Cost reported on the Square Footage Chart.
 - E. For projects that include new construction, modification, and/or renovation—documentation must be provided from a licensed architect or construction professional that support the estimated construction costs. Provide a letter that includes the following:
 - 1) A general description of the project;
 - 2) An estimate of the cost to construct the project;
 - 3) A description of the status of the site's suitability for the proposed project; and
 - 4) Attesting the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the AIA Guidelines for Design and Construction of Hospital and Health Care Facilities in current use by the licensing authority.

PROJECT COST CHART

A. Construction and equipment acquired by purchase:

| | |
|--|--------------|
| 1. Architectural and Engineering Fees | \$ 268,131 |
| 2. Legal, Administrative (Excluding CON Filing Fee), Consultant Fees | \$ 170,000 |
| 3. Acquisition of Site | \$ 1,000,000 |
| 4. Preparation of Site | \$ 410,000 |
| 5. Total Construction Costs | \$ 4,073,850 |
| 6. Contingency Fund | \$ 150,000 |
| 7. Fixed Equipment (Not included in Construction Contract) | \$ 417,500 |
| 8. Moveable Equipment (List all equipment over \$50,000 as separate attachments) | \$ - |
| 9. Other (Specify) _____ | \$ 837,114 |

B. Acquisition by gift, donation, or lease:

| | |
|--|--|
| 1. Facility (inclusive of building and land) | |
| 2. Building only | |
| 3. Land only | |
| 4. Equipment (Specify) _____ | |
| 5. Other (Specify) _____ | |

C. Financing Costs and Fees:

| | |
|--|------------|
| 1. Interim Financing | |
| 2. Underwriting Costs | |
| 3. Reserve for One Year's Debt Service | \$ 100,000 |
| 4. Other (Specify) <u>Loan Cost and Property Tax</u> | \$ 215,000 |

**D. Estimated Project Cost
(A+B+C)**

\$7,641,595

E. CON Filing Fee

\$43,939.17

**F. Total Estimated Project Cost
(D+E)**

TOTAL

\$7,685,534.00

2. Identify the funding sources for this project.

Check the applicable item(s) below and briefly summarize how the project will be financed. **(Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.)**

- ☒ A. Commercial loan – Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ B. Tax-exempt bonds – Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ C. General obligation bonds – Copy of resolution from issuing authority or minutes from the appropriate meeting;
- ☐ D. Grants – Notification of intent form for grant application or notice of grant award;
- ☐ E. Cash Reserves – Appropriate documentation from Chief Financial Officer of the organization providing the funding for the project and audited financial statements of the organization; and/or
- ☐ F. Other – Identify and document funding from all other sources.

RESPONSE: The Applicant has made application for funding of the project through the United States Department of Agriculture Rural Development Community Facilities Loan Program. Documentation from USDA indicating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions for the funding is attached as Attachment C, Economic Feasibility.

3. Complete Historical Data Charts on the following two pages—**Do not modify the Charts provided or submit Chart substitutions!**

Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available. Provide a Chart for the total facility and Chart just for the services being presented in the proposed project, if applicable. **Only complete one chart if it suffices.**

Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

**NOT APPLICABLE – NEW
FACILITY****HISTORICAL DATA CHART**
☐ Total Facility
☐ Project Only

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in _____ (Month).

| | Year _____ | Year _____ | Year _____ |
|---|-----------------|-----------------|-----------------|
| A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits) | _____ | _____ | _____ |
| B. Revenue from Services to Patients | | | |
| 1. Inpatient Services | \$ _____ | \$ _____ | \$ _____ |
| 2. Outpatient Services | _____ | _____ | _____ |
| 3. Emergency Services | _____ | _____ | _____ |
| 4. Other Operating Revenue (Specify) _____ | _____ | _____ | _____ |
| Gross Operating Revenue | \$ _____ | \$ _____ | \$ _____ |
| C. Deductions from Gross Operating Revenue | | | |
| 1. Contractual Adjustments | \$ _____ | \$ _____ | \$ _____ |
| 2. Provision for Charity Care | _____ | _____ | _____ |
| 3. Provisions for Bad Debt | _____ | _____ | _____ |
| Total Deductions | \$ _____ | \$ _____ | \$ _____ |
| NET OPERATING REVENUE | \$ _____ | \$ _____ | \$ _____ |
| D. Operating Expenses | | | |
| 1. Salaries and Wages | | | |
| a. Direct Patient Care | _____ | _____ | _____ |
| b. Non-Patient Care | _____ | _____ | _____ |
| 2. Physician's Salaries and Wages | _____ | _____ | _____ |
| 3. Supplies | _____ | _____ | _____ |
| 4. Rent | | | |
| a. Paid to Affiliates | _____ | _____ | _____ |
| b. Paid to Non-Affiliates | _____ | _____ | _____ |
| 5. Management Fees: | | | |
| a. Paid to Affiliates | _____ | _____ | _____ |
| b. Paid to Non-Affiliates | _____ | _____ | _____ |
| 6. Other Operating Expenses | _____ | _____ | _____ |
| Total Operating Expenses | \$ _____ | \$ _____ | \$ _____ |
| E. Earnings Before Interest, Taxes and Depreciation | \$ _____ | \$ _____ | \$ _____ |
| F. Non-Operating Expenses | | | |
| 1. Taxes | \$ _____ | \$ _____ | \$ _____ |
| 2. Depreciation | _____ | _____ | _____ |
| 3. Interest | _____ | _____ | _____ |
| 4. Other Non-Operating Expenses | _____ | _____ | _____ |
| Total Non-Operating Expenses | \$ _____ | \$ _____ | \$ _____ |
| NET INCOME (LOSS) | \$ _____ | \$ _____ | \$ _____ |

Chart Continues Onto Next Page

| | | | | |
|--|-----------|----------|----------|----------|
| NET INCOME (LOSS) | 59 | \$ _____ | \$ _____ | \$ _____ |
| G. Other Deductions | | | | |
| 1. Annual Principal Debt Repayment | | \$ _____ | \$ _____ | \$ _____ |
| 2. Annual Capital Expenditure | | _____ | _____ | _____ |
| Total Other Deductions | | \$ _____ | \$ _____ | \$ _____ |
| NET BALANCE | | \$ _____ | \$ _____ | \$ _____ |
| DEPRECIATION | | \$ _____ | \$ _____ | \$ _____ |
| FREE CASH FLOW (Net Balance + Depreciation) | | \$ _____ | \$ _____ | \$ _____ |

☐ Total Facility

☐ Project Only

HISTORICAL DATA CHART-OTHER EXPENSES

OTHER EXPENSES CATEGORIES

| | Year _____ | Year _____ | Year _____ |
|--|------------|------------|------------|
| 1. <u>Professional Services Contract</u> | \$ _____ | \$ _____ | \$ _____ |
| 2. <u>Contract Labor</u> | _____ | _____ | _____ |
| 3. <u>Imaging Interpretation Fees</u> | _____ | _____ | _____ |
| 4. _____ | _____ | _____ | _____ |
| 5. _____ | _____ | _____ | _____ |
| 6. _____ | _____ | _____ | _____ |
| 7. _____ | _____ | _____ | _____ |
| Total Other Expenses | \$ _____ | \$ _____ | \$ _____ |

4. Complete Projected Data Charts on the following two pages – **Do not modify the Charts provided or submit Chart substitutions!**

The Projected Data Chart requests information for the two years following the completion of the proposed services that apply to the project. Please complete two Projected Data Charts. One Projected Data Chart should reflect revenue and expense projections for the ***Proposal Only*** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility). The second Chart should reflect information for the total facility. **Only complete one chart if it suffices.**

Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

September 30, 2016

1:39 pm

☒ Total Facility☐ Project Only

Dec

61

PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in _____ (Month).

| | Year <u>2017</u> | Year <u>2018</u> |
|---|--------------------|--------------------|
| A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits) | 8,929 | 10,404 |
| B. Revenue from Services to Patients | | |
| 1. Inpatient Services | \$3,036,574 | \$3,600,898 |
| 2. Outpatient Services | 21,000 | 21,630 |
| 3. Emergency Services | | |
| 4. Other Operating Revenue (Specify) _____ | | |
| Gross Operating Revenue | \$3,057,574 | \$3,644,095 |
| C. Deductions from Gross Operating Revenue | | |
| 1. Contractual Adjustments | | |
| 2. Provision for Charity Care | | |
| 3. Provisions for Bad Debt | 9,395 | 11,371 |
| Total Deductions | \$9,395 | \$11,371 |
| NET OPERATING REVENUE | \$3,048,179 | \$3,632,724 |
| D. Operating Expenses | | |
| 1. Salaries and Wages | 1,468,473 | \$1,593,157 |
| a. Direct Patient Care | 1,047,218 | 1,160,464 |
| b. Non-Patient Care | 421,255 | 432,693 |
| 2. Physician's Salaries and Wages | 10,800 | 11,070 |
| 3. Supplies | 98,141 | 115,883 |
| 4. Rent | | |
| a. Paid to Affiliates | | |
| b. Paid to Non-Affiliates | | |
| 5. Management Fees: | | |
| a. Paid to Affiliates | | |
| b. Paid to Non-Affiliates | | |
| 6. Other Operating Expenses | 1,121,549 | 1,212,148 |
| Total Operating Expenses | \$2,698,963 | \$2,932,258 |
| E. Earnings Before Interest, Taxes and Depreciation | \$349,216 | \$700,466 |
| F. Non-Operating Expenses | | |
| 1. Taxes | \$ _____ | \$ _____ |
| 2. Depreciation | 212,527 | 212,527 |
| 3. Interest | 226,033 | 223,035 |
| 4. Other Non-Operating Expenses | | |
| Total Non-Operating Expenses | \$438,560 | \$435,562 |
| NET INCOME (LOSS) | \$(89,344) | \$261,904 |

Chart Continues Onto Next Page

September 30, 2016

1:39 pm

62

| | | | |
|--|--|-------------|-----------|
| G. Other Deductions | | | |
| 1. Estimated Annual Principal Debt Repayment | | \$99,925 | \$102,922 |
| 2. Annual Capital Expenditure | | | |
| | Total Other Deductions | \$99,925 | \$102,922 |
| | NET BALANCE | \$(189,269) | \$158,982 |
| | DEPRECIATION | \$212,527 | \$212,527 |
| | FREE CASH FLOW (Net Balance + Depreciation) | \$23,258 | \$371,509 |

☒ Total Facility☐ Project Only**PROJECTED DATA CHART-OTHER EXPENSES****OTHER EXPENSES CATEGORIES**

| | Year 2017 | Year 2018 |
|--|--------------------|--------------------|
| 1. <u>Professional Services Contract</u> | \$365,007 | \$401,802 |
| 2. <u>Contract Labor</u> | | |
| 3. <u>Imaging Interpretation Fees</u> | | |
| 4. <u>Staff Benefits</u> | \$293,695 | \$318,631 |
| 5. <u>Building maintenance/utilities</u> | \$147,546 | \$151,235 |
| 6. <u>State bed assessment</u> | \$100,859 | \$102,815 |
| 7. <u>Misc. other expenses</u> | \$214,442 | \$237,666 |
| Total Other Expenses | \$1,121,549 | \$1,212,148 |

5. A. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Chart for Year 1 and Year 2 of the proposed project. Please complete the following table.

| | Previous Year | Current Year | Year One | Year Two | % Change (Current Year to Year 2) |
|---|---------------|--------------|----------|----------|-----------------------------------|
| Gross Charge (<i>Gross Operating Revenue/Utilization Data</i>) | n/a | n/a | \$342.43 | \$350.26 | n/a (Y1-Y2 = 2%) |
| Deduction from Revenue (<i>Total Deductions/Utilization Data</i>) | n/a | n/a | \$1.05 | \$1.09 | n/a (Y1-Y2 = 4%) |
| Average Net Charge (<i>Net Operating Revenue/Utilization Data</i>) | n/a | n/a | \$341.38 | \$349.17 | n/a (Y1-Y2 = 2%) |

- B. Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.

RESPONSE: The Applicant has no current charges so there will be no such impacts. With respect to expected revenue, the Applicant projects patient volumes as follows:

| Payor Source | Projected Gross Operating Revenue - YEAR 1 | Rates | # of Pts | Utilization Days | As a % of total |
|---|--|-----------|--------------|------------------|-----------------|
| Medicare/Medicare Mngd Care | \$ 1,681,509.28 | \$ 428.00 | 10.78 | 3,928.76 | 44.0% |
| TennCare/Medicaid | \$ 214,742.45 | \$ 185.00 | 3.19 | 1,160.77 | 13.0% |
| Commercial/Other Mngd Care | | | | | |
| Self-Pay | \$ 1,140,322.59 | \$ 297.00 | 10.54 | 3,839.47 | 43.0% |
| Charity Care | | | | | |
| Other (Specify) <u>Misc. Outpt. Svcs.</u> | \$21,000.00 | | | | |
| Total | \$ 3,057,574.32 | | 24.50 | 8,929 | 100% |

| Payor Source | Projected Gross Operating Revenue - YEAR 2 | Rates | # of Pts | Utilization Days | As a % of total |
|---|--|-----------|--------------|------------------|-----------------|
| Medicare/Medicare Mngd Care | \$ 2,081,840.40 | \$ 435.00 | 13.11 | 4,785.84 | 46.0% |
| TennCare/Medicaid | \$ 236,274.84 | \$ 189.25 | 3.42 | 1,248.48 | 12.0% |
| Commercial/Other Mngd Care | | | | | |
| Self-Pay | \$ 1,304,349.48 | \$ 298.50 | 11.97 | 4,369.68 | 42.0% |
| Charity Care | | | | | |
| Other (Specify) <u>Misc. Outpt. Svcs.</u> | \$21,630.00 | | | | |
| Total | \$ 3,644,094.72 | | 28.50 | 10,404 | 100% |

- C. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

RESPONSE: The charges associated with skilled nursing services provided at PTC, which are reasonable in comparison to rates of other providers in the area, will not change as a result of this project. A table of with charge information for Washington County nursing homes from the most current 2014 Joint Annual Reports is listed below

| Nursing Home | Applicant (projected Y1) | Covington Health and Rehab (2014 JAR) | River Terrace Health and Rehab (2014 JAR) |
|-------------------------|-----------------------------|--|--|
| Medicare Skilled | \$ 428.00 | \$ 484.00 | \$ \$489.00 |
| TennCare Level 1 | \$ 185.00 | \$ 173.00 | \$ 173.00 |
| TennCare Level 2 | \$ 185.00 | \$ 0.00 | \$ 0.00 |
| Private Level 2 | \$ 297.00 | \$ 219.00 | \$ 421.00 |
| Private Level 1 | \$ 297.00 | \$ 197.00 | \$ 197.00 |
| Semi-Private Level 2 | n/a | \$ 219.00 | \$ 421.00 |
| Semi-Private Level 1 | n/a | \$ 197.00 | \$ 187.00 |

- D. A. Discuss how projected utilization rates will be sufficient to support the financial performance. Indicate when the project's financial breakeven is expected and demonstrate the availability of sufficient cash flow until financial viability is achieved. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principal parties that will be a source of funding for the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility. **NOTE: Publicly held entities only need to reference their SEC filings.**

RESPONSE: As part of the development process for the project, the Applicant met with and had extensive assistance from both The Green House Project, and a nursing home administrator very familiar with the service area and the existing market. The Green House development project also included financial modeling to ensure appropriate projections for the Applicant, which are based on conservative financial assumptions.

The projected utilization equates to an average daily census of 24.5 individuals for Year 1, and then increasing to 28.5 for Year 2. The losses in year 1 are incurred largely from the anticipated ramp up time when the facility will move towards full occupancy. This period is expected to be a short time (i.e. a few months), and the Applicant's available financing includes capital dedicated to covering the short initial losses in the Facility. As noted in the Projected Data Chart, the facility will be financial profitable by the end of the second year.

September 30, 2016

8:42 am

Because the Applicant is a nonprofit entity, a copy of its most recent IRS Form 990 is attached, along with a recent balance sheet as Attachment C, Economic Feasibility – b(A).

- B. Net Operating Margin Ratio – Demonstrates how much revenue is left over after all the variable or operating costs have been paid. The formula for this ratio is: (Earnings before interest, Taxes, and Depreciation/Net Operating Revenue).

Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following table:

| Year | 2nd Year previous to Current Year | 1st Year previous to Current Year | Current Year | Projected Year 1 | Projected Year 2 |
|----------------------------|-----------------------------------|-----------------------------------|--------------|------------------|------------------|
| Net Operating Margin Ratio | n/a | n/a | n/a | 10.8% | 18.8% |

- C. Capitalization Ratio (Long-term debt to capitalization) – Measures the proportion of debt financing in a business's permanent (Long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt/(Long-term debt/Total Equity (Net assets)) x 100).

For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

RESPONSE: Not applicable.

7. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid and medically indigent patients will be served by the project. Additionally, report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payor classification for the first year of the project by completing the table below.

| YEAR 1 Payor Source | Projected Gross Operating Revenue | Rates | # of Pts | Utilization Days | As a % of total Patient Days | As a % of total revenue |
|---|---|----------|--------------|---------------------|---------------------------------------|-------------------------------|
| Medicare/Medicare Mngd Care | \$1,681,509.28 | \$428.00 | 10.78 | 3,928.76 | 44.00% | 54.99% |
| TennCare/Medicaid | \$214,742.45 | \$185.00 | 3.19 | 1,160.77 | 13.00% | 7.02% |
| Commercial/Other Mngd Care | | | | | | |
| Self-Pay | \$1,140,322.59 | \$297.00 | 10.54 | 3,839.47 | 43.00% | 37.30% |
| Charity Care | | | | | | |
| Other (Specify) Misc. <u>Outpatient Services</u> | \$ 21,000.00 | | | | | 0.69% |
| Total | \$3,057,574.32 | | 24.51 | 8,929 | 100% | 100% |

September 30, 2016

| YEAR 2 Payor Source | Projected Gross Operating Revenue | 66 Rates | # of Pts | Utilization Days | As a % of total Patient Days 1:39 pm | As a % of total revenue |
|---|--|-------------|-------------|---------------------|--|-------------------------------|
| Medicare/Medicare Mngd Care | \$2,081,840.40 | \$435.00 | 13.11 | 4,785.84 | 46.00% | 57.13% |
| TennCare/Medicaid | \$236,274.84 | \$189.25 | 3.42 | 1,248.48 | 12.00% | 6.48% |
| Commercial/Other Mngd Care | | | | | | |
| Self-Pay | \$1,304,349.48 | \$298.50 | 11.97 | 4,369.68 | 42.00% | 35.79% |
| Charity Care | | | | | | |
| Other (Specify) Misc. <u>Outpatient Services</u> | \$ 21,630.00 | | | | | 0.59% |
| Total | \$3,644,094.72 | | 28.5 | 10,404 | 100% | 100% |

8. Provide the projected staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTEs) positions for these positions. Additionally, please identify projected salary amounts by position classifications and compare the clinical staff salaries to prevailing wage patterns in the proposed service area as published by the Department of Labor & Workforce Development and/or other documented sources.

| Position Classification | Existing FTEs (enter year) | Projected FTEs Year 1 | Average Wage (Contractual Rate) | Area Wide/Statewide Average Wage (2015) |
|--|----------------------------------|-----------------------------|---------------------------------------|--|
| A. Direct Patient Care Positions | | | | |
| LPN | n/a | 4.4 | \$ 24.57 | \$17.65 / \$36,673 |
| RN | n/a | 2.8 | \$ 30.57 | \$27.35 / \$56,838 |
| Shabaz | n/a | 21.7 | \$ 13.77 | \$10.75 / \$22,390 |
| Dietician | n/a | 0.2 | 65,000 / yr. | \$25.20 / \$61,247 |
| Social Worker | n/a | 0.5 | 55,000 / yr. | \$50,743 |
| Total Direct Patient Care Positions | | 29.6 | | |

| | | | | |
|---|-----|------|--|----------|
| B. Non-Patient Care Positions | | | | |
| Administrator | n/a | 0.75 | | \$80,096 |
| Director of Nursing | n/a | 1.0 | | \$56,838 |
| Business Office Staff | n/a | 1.67 | | \$28,287 |
| Admissions | n/a | 0.67 | | \$33,380 |
| Maintenance | n/a | 0.5 | | \$36,292 |
| Dietician | n/a | 0.2 | | \$52,380 |
| Food Service Coordinator | n/a | 0.5 | | \$36,989 |
| Housekeeper | n/a | 0.61 | | \$19,008 |
| MDS Coordinator | n/a | 1.0 | | \$56,838 |
| Activity Director | n/a | 0.5 | | \$33,380 |
| Total Non-Patient Care Positions | | 7.4 | | |
| Total Employees (A+B) | | 37.0 | | |
| C. Contractual Staff | | | | |
| Total Staff (A+B+C) | | 37.0 | | |

September 30, 2016

| | | | | |
|---------|--|----|--|---------|
| (A+B+C) | | 67 | | 8:42 am |
| | | | | |
| | | | | |
| | | | | |

9. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:

A. Discuss the availability of less costly, more effective and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, justify why not, including reasons as to why they were rejected.

RESPONSE: The Applicant proposes a new facility, so alternatives to new construction were largely not possible. The Applicant identified the proposed site as an ideal site for the proposed Green House facility. Because the Green House concept is built around a specific construction model (i.e., small home like buildings in a community), the acquisition and renovation of any existing health care facility would not accommodate development of a Green House model.

B. Document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements.

RESPONSE: Life Options considered a number of options in its development.

The first option is to do nothing. Life Options contracted with Brecht Associates, Inc., a national senior housing consultant, to complete a Market Feasibility Study for the development of this Green House Project. The result of the study indicated the market in Brighton could sufficiently support up to 95 nursing beds and 43 Assisted Living beds. Life Options of West Tennessee wishes to help fulfill this need for elderly care through the construction of this project, making the "do nothing" option an invalid option.

The second option considered was to construct a conventional nursing home facility that could house Skilled Nursing and Assisted Living components. The developers are extremely committed to providing the best service available to our aging population through the development of this Green House project. They have studied the field and have seen the impacts of institutional elderly housing. After living full, independent lives, it is often difficult to convince a senior citizen to move into a nursing home where they may lose much of that sense of freedom they have grown so accustomed to their entire lives. Constructing and operating a conventional nursing home is not the intent of this development and not the option of choice for this project.

The third option is the construction of the Green House Project as described. Life Options of West Tennessee has funded a Market Feasibility Study, and Green House has completed a Financial Feasibility Study of the project. Both documents strongly support the logistical and financial strength of this project becoming successful. The developers and Green House feel the timing is right for a development of this type in Tipton County.

The Applicant identified the proposed site as an ideal site for the proposed Green House facility. The Project site seems ideally suited to senior housing, particularly residences that provide for the personal and health care needs of its residents. The site will be part of a larger complex of commercial buildings that provide retail health and wellness services and supplies to the general population of in Brighton and surrounding areas. However, the location of the property, set to the back of the complex, with its serene setting and views of the lake is ideal for seniors who are seeking tranquility, healing and access to outdoor space. The concept of GHs in this case six separate homes, is consistent with the residential, "small town" feel of the village of Brighton.

Those interviewed spoke positively about the potential location of the Project in the village of Brighton. Almost everyone commented on the excellent school system which seems to be attracting families to the area. Reportedly, a new subdivision was developed and "a lot of younger families have moved in." Brighton's central location is also considered advantageous as it is easily accessible from all areas of the county and the larger towns of Atoka and Covington, which have more shopping and services are nearby. Route 51 is readily traveled and makes access to the proposed Project site convenient. "Accessibility is good. Highway 51 is a state route and is cleared and maintained during the winter." Brighton is described as both small and rural, as well as commercial, industrial and residential. "It is a fairly small town south of Covington and has three public schools."

Seniors from Brighton are thought to want to stay in Brighton rather than relocate elsewhere for senior housing. Respondents noted the lack of shopping and services in Brighton, particularly a library. However, this is not seen as a deterrent to the development of the Project as each respondent offered a nearby alternative location that can be easily accessed. One respondent mentioned a senior center in Brighton. Healthcare was also mentioned as being available throughout the area. The actual Project site is described as "a fine spot and not on a busy road. It's easy to get to but not too busy."

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. List all existing health care providers (i.e., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, that may directly or indirectly apply to the project, such as, transfer agreements, contractual agreements for health services.

RESPONSE: As a yet to be developed facility, the Applicant is not able to enter into such agreements. The Applicant will develop transfer agreements with nearby hospital, home health agencies, and other health care providers once licensed and operational. It will also explore opportunities to partner with other providers, including hospitals, to analyze and report on outcomes of post-acute patients to improve its working relationship with hospitals that refer or receive its patients. The Applicant will also enter into payer agreements with all TennCare MCOs and other Medicare MCO in the area.

2. Describe the effects of competition and/or duplication of the proposal on the health care system, including the impact to consumers and existing providers in the service area. Discuss any instances of competition and/or duplication arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

A. Positive Effects

RESPONSE: The Green House model is a leading model in the effort for culture change in the delivery of facility based long term care. Data and research done by the national Green House project have documented advantages of Green House models. See Attachment Section A-3A Executive

Summary – Green House Information and Studies. These validated outcomes include the increased desirability of Green Houses over traditional models of long term care, and better outcomes for individuals in Green Houses over some traditional nursing homes.

For example, as further explained in attachments, Green House project conducted a retrospective observational study finding that:

- *Overall Expenditures* - An overall difference in total Medicare and Medicaid costs per resident per year ranged from approximately \$1,300 to \$2,300 less for residents in Green House vs. traditional nursing homes.
- *Medicare Hospital Expenditures* - The rate of hospitalization per resident over 12 months was over seven (7%) percentage points higher in the traditional nursing home units relative to the Green House Units. As such, annual Medicare hospitalization expenditures per resident were less in the Green House unit relative to the traditional units.
- *Medicaid Daily Nursing Home Expenditures* - Medicaid nursing home costs were calculated using the Resource Utilization Group (RUG) based payment for two representative states: Minnesota and Washington. RUGs is the system most states use to case-mix adjust Medicaid payments to nursing homes. If Green House settings are able to maintain residents in lower acuity payment categories for longer periods of time, they will likely generate savings for state Medicaid programs relative to traditional nursing home settings. The results suggest that elders residing in Green House settings achieved Medicaid savings by maintaining better functioning (i.e., lower acuity) over the study period.

In the feasibility study done for the Applicant in the service area, the having a home like setting that is less institutional than in a traditional NF was extremely important to individuals. In addition to savings, Green House homes are. Green House project research from interviews, focus groups, and surveys indicates a preferred option over traditional nursing home models as follows: Favorability (97%), Willingness to Pay More (60%), Willing to Drive Further for Green House (73%). The Applicant's proposed Green House will also include structural and caregiving features that target populations see both as desirable and superior to existing options, including:

- The facility is designed like a real home with a great room that includes a living area, fireplace, open kitchen, and dining area with a large family table
- Elders' schedules are set according to their personal preferences and medical needs and as much as possible care is provided to with a resident's independence and services are geared to preserve and foster than independence
- All residents have a private room with a private bath
- The facility will be "certified" by Green House to meet and maintain certain standards (like key features like small size, home layout, staff ratio, and advanced training)
- Staff are Certified Nursing Assistants (CNA's) with 128 additional hours of specialized training and their multi-faceted job descriptions allows them to develop close relationships with the residents living in the home
- Activities are designed around elders' interests, and input from family is welcome
- Residents are encouraged to bring furniture and/or personal items from home
- Cost is comparable to a private room in other local nursing homes
- Residents can eat together at a family table if they choose

- All meals are prepared by the staff in ~~each~~ home's open kitchen
- Small groups of only 6 to 12 residents per house

This model of care has been proven to be highly desired. In a telephone survey of the two existing Green House providers in Tennessee, they reported that their Green House units are fully occupied and consistently stay that way, with a long waiting list of individuals who have expressed specific interest in those units and services.

B. Negative Effects

The Applicant does not believe there will be any significant negative effects for the project. First, the planned project is distinctly different (because of the Green House model) from the services being provided by existing facilities and therefore any aspects of duplication or competition will be minimal. Secondly, while the occupancy factors of existing facilities are a consideration, based on the Applicant's information, the generation of patients and the initial limited scale of the proposed project will limit or eliminate its impact on existing providers. The project is for thirty (30) beds, and therefore proposes a reasonable number of beds to bring an additional Green House model to Tennessee, and to validate and evaluate the positive effects of this model. As noted, the expected sources of initial individuals coming to the Green Houses will be generated from within the Brighton community and from existing Tipton County residents and their families, and future newcomers to the area. The applicants focus groups clearly indicates that those residents prefer to stay within the Brighton area for services now, and are out-migrating from Tipton County when they need long term care services or skilled care. Therefore, the existing providers will not be impacted by a deviation of that patient referral stream. They may likely be favorably impacted by the development of a continuum of care within Tipton County, because additional retirees will concentrate within the county and need long term care. Therefore, the additional nursing home beds will not be an independent factor affecting the existing providers or their occupancy.

3. A. Discuss the availability of and accessibility to human resources required by the proposal, including clinical leadership and adequate professional staff, as per the State of Tennessee licensing requirements and/or requirements of accrediting agencies, such as the Joint Commission and Commission on Accreditation of Rehabilitation Facilities.

RESPONSE: The Facility will pay wages and offer benefits that are in-line with the prevailing rates of other employment opportunities in the community. Labor statistics for the Tipton County area support the availability of and accessibility to human resources required by the proposal.

Tennessee Department of Labor 2015 statistics for Tipton County show an excess of unemployed individuals for available positions. The statistics show the estimated total number of unemployed (not seasonally adjusted) in 2015 for Tipton County was 2,000. The total number of job openings advertised was 1,874. There were 1.07 unemployed per job opening advertised in 2015 for Tipton County. The same data shows that for July 2016 shows 2.54 unemployed per job opening. For nursing assistants, as of September 2016 statistics, Tipton County ranks as the 60th county in terms of job openings per candidates, with an estimate of 28 potential candidates per job opening for nursing assistants. For licensed practical nurses, as of September 2016 statistics, Tipton County ranks as the 82th county in terms of job openings per candidates, with an estimate of 33 potential candidates per job opening for nursing assistants. For registered nurses, as of September 2016 statistics, Tipton County ranks as the 27th county in terms of job openings per candidates, with an estimate of 1.06 potential candidates per job opening for nursing assistants.

Tennessee Department of Labor, Occupation Supply and Demand Data, Ranking and Unemployed Per Available Opening, September 2016

| <i>Position</i> | <i>Potential Candidates Per Job Open</i> | <i>County Ranking (1 indicates fewest candidates per opening)</i> |
|------------------------------|--|---|
| Certified Nursing Assistants | 28 | 60 th |
| Licensed Practice Nurses | 33 | 82 th |
| Registered Nurses | 1.06 | 27 th |

The unemployment situation works to the Facility's favor because it increases the overall available worker supply for all positions from markets both within and external to the health care sector. As a service provider, the Facility will benefit from Tipton County's higher than average unemployment rate.

As part of its due diligence efforts in analyzing the development potential for this project, the applicant evaluated human resource availability through meetings and conversations with key local individuals. Overall, the evaluation was that recruitment prospects for all positions were evaluated to be at least "good".

Also, because of the increase patient and staff involvement with Green House model, the Applicant expects the positions at the Facility to be desirable openings. Generally, there is a more than a four-fold increase in staff time spent engaging with elders (outside of direct care activities) in Green House settings. According to national Green House project surveys, Green House staff reported higher job satisfaction, increased likelihood of remaining in their jobs, and reported less job-related stress.

- B. Verify that the applicant has reviewed and understands all licensing and/or certification as required by the State of Tennessee and/or accrediting agencies such as the Joint Commission for medical/clinical staff. These include, without limitation, regulations concerning clinical leadership, physician supervision, quality assurance policies and programs, utilization review policies and programs, record keeping, clinical staffing requirements, and staff education.

RESPONSE: The Applicant so verifies. The Applicant will prior to opening have in place policies and procedures governing regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review policies and programs, record keeping, and staff education as each is both a Green House program requirement and a requirement of licensure and/or Medicare or Medicaid certification.

- C. Discuss the applicant's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

RESPONSE: Because the Applicant is not an existing facility, there are no existing programs. However, if approved, the Applicant expects that its status as a "Green House" model will create opportunities for education and training of medical students in gerontology, as well as nursing and other students who wish to learn about this unique and different model of long term care.

4. Identify the type of licensure and certification requirements applicable and verify the applicant has reviewed and understands them. Discuss any additional requirements, if applicable. Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure: Tennessee Department of Health, Board for Licensing Tennessee Health Care Facilities as a nursing home.

Certification Type (e.g. Medicare SNF, Medicare LTAC, etc.): The facility will seek certification from the Centers for Medicare and Medicaid Services (CMS) as a Medicare participating skilled nursing facility (SNF), and from as a Medicaid nursing facility in the TennCare (Medicaid) program.

Accreditation (i.e., Joint Commission, CARF, etc.): The facility will be an authorized Green House facility as part of the national Green House project.

- A. If an existing institution, describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility and accreditation designation.

RESPONSE: Not applicable; the Applicant is not an existing facility.

- B. For existing providers, please provide a copy of the most recent statement of deficiencies/plan of correction and document that all deficiencies/findings have been corrected by providing a letter from the appropriate agency.

RESPONSE: Not applicable; the Applicant is not an existing facility.

- C. Document and explain inspections within the last three survey cycles which have resulted in any of the following state, federal, or accrediting body actions: suspension of admissions, civil monetary penalties, notice of 23-day or 90-day termination proceedings from Medicare/Medicaid/TennCare, revocation/denial of accreditation, or other similar actions.

- 1) Discuss what measures the applicant has or will put in place to avoid similar findings in the future.

RESPONSE: Not applicable; the Applicant is not an existing facility.

5. Respond to all of the following and for such occurrences, identify, explain and provide documentation:

- A. Has any of the following:

- 1) Any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant);
- 2) Any entity in which any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%; and/or
- 3) Any physician or other provider of health care, or administrator employed by any entity in which any person(s) or entity with more than 5% ownership in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%.

- B. Been subjected to any of the following:

- 1) Final Order or Judgment in a state licensure action;
- 2) Criminal fines in cases involving a Federal or State health care offense;
- 3) Civil monetary penalties in cases involving a Federal or State health care offense;

- 4) Administrative monetary penalties in ~~cases~~^{yes} involving a Federal or State health care offense;
- 5) Agreement to pay civil or administrative monetary penalties to the federal government or any state in cases involving claims related to the provision of health care items and services; and/or
- 6) Suspension or termination of participation in Medicare or Medicaid/TennCare programs.
- 7) Is presently subject of/to an investigation, regulatory action, or party in any civil or criminal action of which you are aware.
- 8) Is presently subject to a corporate integrity agreement.

RESPONSE: The Applicant states that no person(s) or entity listed within the scope of 5(A)(1)-(3) above has been subject to any of the events or sanctions listed in 5(B)(1)-(8) above.

6. Outstanding Projects:

A. Complete the following chart by entering information for each applicable outstanding CON by applicant or share common ownership; and

| <u>Outstanding Projects</u> | | | | | |
|-----------------------------|---------------------|--------------------------|-----------------------------------|-------------------|----------------------------|
| <u>CON Number</u> | <u>Project Name</u> | <u>Date Approved</u> | <u>*Annual Progress Report(s)</u> | | <u>Expiration Date</u> |
| | | | <u>Due Date</u> | <u>Date Filed</u> | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

* Annual Progress Reports – HSDA Rules require that an Annual Progress Report (APR) be submitted each year. The APR is due annually until the Final Project Report (FPR) is submitted (FPR is due within 90 ninety days of the completion and/or implementation of the project). Brief progress status updates are requested as needed. The project remains outstanding until the FPR is received.

B. Provide a brief description of the current progress, and status of each applicable outstanding CON.

RESPONSE: The applicant has no outstanding projects.

7. Equipment Registry – For the applicant and all entities in common ownership with the applicant.

- A. Do you own, lease, operate, and/or contract with a mobile vendor for a Computed Tomography scanner (CT), Linear Accelerator, Magnetic Resonance Imaging (MRI), and/or Positron Emission Tomographer (PET)? **NO**
- B. If yes, have you submitted their registration to HSDA? If you have, what was the date of submission? _____
- C. If yes, have you submitted your utilization to Health Services and Development Agency? If you have, what was the date of submission? _____

QUALITY MEASURES

Please verify that the applicant will report annually using forms prescribed by the Agency concerning continued need and appropriate quality measures as determined by the Agency pertaining to the certificate of need, if approved.

RESPONSE: If approved, the Applicant will provide the Tennessee Health Services and Development Agency, and any other state agency when required, with information concerning the number of patients treated, the number and type of procedures performed, proscribed quality measures, and other data as required or requested. The Applicant also intends to provide all information requested by applicable regulations, including but not limited to the information provided through the yearly Joint Annual Report for Nursing Homes to the Department of Health.

STATE HEALTH PLAN QUESTIONS

T.C.A. §68-11-1625 requires the Tennessee Department of Health's Division of Health Planning to develop and annually update the State Health Plan (found at <http://www.tn.gov/health/topic/health-planning>). The State Health Plan guides the State in the development of health care programs and policies and in the allocation of health care resources in the State, including the Certificate of Need program. The 5 Principles for Achieving Better Health are from the State Health Plan's framework and inform the Certificate of Need program and its standards and criteria.

Discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan.

1. The purpose of the State Health Plan is to improve the health of the people of Tennessee.
2. People in Tennessee should have access to health care and the conditions to achieve optimal health.
3. Health resources in Tennessee, including health care, should be developed to address the health of people in Tennessee while encouraging economic efficiencies.
4. People in Tennessee should have confidence that the quality of health care is continually monitored and standards are adhered to by providers.
5. The state should support the development, recruitment, and retention of a sufficient and quality health workforce.

RESPONSE:

Five Principles for Achieving Better Health

The following Five Principles for Achieving Better Health serve as the basic framework for the State Health Plan.

1. Healthy Lives: *The purpose of the State Health Plan is to improve the health of Tennesseans.*

RESPONSE: While this principle focuses mainly on the goals and strategies that support health policies and programs at the individual, community, and state level that will help improve the health status of Tennesseans, the proposed new Green House project is consistent with this goal because it seeks to create a long term care focus campus that will create a continuum of care model where individuals who need additional transition from an acute care stay will be able to receive intensive skilled nursing care and rehabilitative services at a significantly lower cost and in a more home like environment than in an acute care setting. The proposed facility will have as its goal that all patients return home to the least restrictive and least costly option available where that individual can live the healthiest life possible.

The object of the Green House home is to de-institutionalize long term care by providing elders with a true home. The Green House model is changing the long-term care model to a wellness environment of support for elders. The Green House model is also has been shown to improve those outcomes, because of the home like environment that is inherent in its design and operation. Residents are expected to maximize their functional capacity because of the small scale environment and freedom from institutional routines. Gathering spaces for elders will enhance their activities of daily living such as the living room with a fire place and the dining room for meals and socialization.

2. Access to Care: *Every citizen should have reasonable access to health care.*

RESPONSE: Although the targeted population is diverse because it will serve a multifaceted continuum of care, the proposed Green House model will focus on two main patient populations, both specifically from the Brighton and Tipton County areas. The first are individuals in other community settings who need services devoted to rehabilitation and short-term stays for post-acute care. These individuals are usually Medicare beneficiaries and in some cases, may also end up with long stays in the facility. The first will be patients that are Medicare qualified beneficiaries seeking skilled nursing and rehabilitation services following a prior hospital stay. A majority of all patients placed in nursing homes from the acute care setting are Medicare beneficiaries. Access to long term care Medicare beds is directly tied to the availability of Medicare skilled nursing facility beds in the service area.

The second is individuals who can no longer be maintained or cared for in their own personal home or the current congregate setting and need 24- hour care for chronic and/or debilitating conditions of a long-term nature.

The Green House will participate in both Medicare and Medicaid, and will offer a continuum of services including assisted care living. This will ensure resources in the Green House are available for individuals of all income levels, within the limitation that only a 30 bed facility can be established. As a Medicaid facility, the Applicant will comply with the provisions of the Linton v. Commissioner settlement agreement and accompanying regulations that requires admissions on a first come, first serve basis regardless of payer type.

3. Economic Efficiencies: *The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies and the continued development of the state's health care system.*

RESPONSE: The Applicant believes this proposal helps address the needs of Tennesseans while encouraging competitive markets and economic efficiencies.

- This proposal will help lower the cost of health care as demonstrated by a study from the Green House Project. Research indicates that Green House homes cost no more to operate than good quality nursing homes. See Attachment A-3 from the Green House Project.

- This proposal will encourage economic efficiencies. The Applicant's proposal with the addition of the 30 beds will return elders to a higher functioning status. The additional 30 proposed beds will give elders an opportunity to return to their previous functioning status. Whereas, if these beds were not available, the potential elders would be underserved.
- The Applicant will make as much information available as possible to the community in regards to the economic efficiencies of its Green House. The Applicant will work with the national Green House Project to ensure elders and their families are aware of the potential services which would be a benefit to them, such as physical therapy, occupational therapy and speech therapy in the new homes.
- Introducing a new and highly desirable care model to the market will also allow existing providers to examine their business models, in light of seeing an operational and successful model based on a patient-centered philosophy of high levels of independence. We believe this will help to facilitate the culture change movement around long term care.

4. Quality of Care: *Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers.*

This proposal will assist health care providers to adhere to professional standards because the Applicant will adopt continuous quality improvement programs, which constantly evaluates the facility's care and holds professionals to high standards of practice and patient centered care. The Green House homes adhering to Principle 4, Quality of Care because their very design provides elders greater ability to choose personal preferences so that their own medical needs can be met. The elders of the homes realize they have more autonomy with their own choices.

The project will also encourage quality improvement in the quality of care provided by health care workers for several reasons. First, each Green House has a Guide, commonly an Administrator, who monitors the care being delivered by the Shabaz (The Shahbaz is the versatile worker who provides personal care, prepares meals and performs housekeeping for the elders). The Guide's role is to promote elder independence and choices on a daily basis. Second, the Guide works in collaboration with the Nursing department to ensure bench marks are being met. Bench marks such as restraints, pressure ulcers, and weight loss are tracked weekly and monitored for compliance by both the Guide and Director of Nurses.

5. Health Care Workforce: *The state should support the development, recruitment, and retention of a sufficient and quality health care workforce.*

The proposed Green House gives employment opportunities to more certified nurse aides. As part of the Green House model, the Applicant will require an additional 128 hours of training after someone is certified as a nurse aide caring for individuals in the homes. The training includes, but is not limited to, 40 hours of culinary training, 40 hours of being instructed on how to care for a home, and 40 hours of Green House Training where the certified nurse aides learn how to relate to elders in a de-institutionalized way.

This intensive training then translates over to the certified nurses' aide's personal life making them a better person by improving their professional and personal skills. This proposal complements the existing service area workforce in that the certified nurse aides achieve a higher level of training and understanding in dealing with elders. Becoming a Shabaz is a reward and in many facility becomes part of a "career ladder" for CNAs, which the applicant is considering as part of its structure. The certified nurse aide has to perform his/her job functions at a higher level than a regular certified nurse aide in an institutional setting.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent.

NOTIFICATION REQUIREMENTS

(Applies only to Nonresidential Substitution-Based Treatment Centers for Opiate Addiction)

Note that T.C.A. §68-11-1607(c)(9)(A) states that "...Within ten (10) days of the filing of an application for a nonresidential substitution-based treatment center for opiate addiction with the agency, the applicant shall send a notice to the county mayor of the county in which the facility is proposed to be located, the state representative and senator representing the house district and senate district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential substitution-based treatment center for opiate addiction has been filed with the agency by the applicant."

Failure to provide the notifications described above within the required statutory timeframe will result in the voiding of the CON application.

Please provide documentation of these notifications.

DEVELOPMENT SCHEDULE

T.C.A. §68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. **Complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.**
2. **If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the "good cause" for such an extension.**

78
PROJECT COMPLETION FORECAST CHART

Assuming the Certificate of Need (CON) approval becomes the final HSDA action on the date listed in Item 1. below, indicate the number of days from the HSDA decision date to each phase of the completion forecast.

| Phase | <u>Days Required</u> | <u>Anticipated Date</u> <u>[Month/Year]</u> |
|--|---------------------------------|--|
| 1. Initial HSDA decision date | | <u>Dec. 14, 2016</u> |
| 2. Architectural and engineering contract signed | 0 | 12/14/16 |
| 3. Construction documents approved by the Tennessee Department of Health | 20 | 4/1/17 |
| 4. Construction contract signed | 30 | 5/20/17 |
| 5. Building permit secured | 60 | 6/19/17 |
| 6. Site preparation completed | 60 | 6/19/17 |
| 7. Building construction commenced | 90 | 7/19/17 |
| 8. Construction 40% complete | 105 | 8/3/17 |
| 9. Construction 80% complete | 225 | 12/1/17 |
| 10. Construction 100% complete (approved for occupancy) | 345 | 3/31/18 |
| 11. *Issuance of License | 405 | 5/30/18 |
| 12. *Issuance of Service | 430 | 6/24/18 |
| 13. Final Architectural Certification of Payment | 440 | 7/4/18 |
| 14. Final Project Report Form submitted (Form HR0055) | 450 | 7/14/18 |

*For projects that **DO NOT** involve construction or renovation, complete Items 11 & 12 only.

| |
|--|
| <p>NOTE: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date</p> |
|--|

Attachment Section A-3A

Executive Summary – Green House Information and Studies



Evaluating THE GREEN HOUSE® Model

As of September 2015, the National Green House Replication Initiative is active in 33 states with 179 homes open and over 150 homes in development.

Evaluations conducted between 2003 and 2012 examined numerous measures of care, satisfaction, and financial performance:

Green House elders relative to comparison group of nursing home residents^{1,2}

- **Improved quality of life:** Green House elders reported improvement in seven domains of quality of life (privacy, dignity, meaningful activity, relationship, autonomy, food enjoyment and individuality) and emotional well-being.
- **Improved quality of care:** Green House elders maintained self-care abilities longer with fewer experiencing decline in late-loss Activities of Daily Living. Fewer Green House elders experienced depression, being bedfast and having little or no activity.
- **Improved family satisfaction:** Green House families were more satisfied with general amenities, meals, housekeeping, physical environment, privacy, autonomy and health care.
- **Improved staff satisfaction:** Green House staff reported higher job satisfaction and increased likelihood of remaining in their jobs.

Green House homes relative to nursing home comparison sites³

- **Higher direct care time:** 23–31 minutes more per resident per day in staff time spent on direct care activities in Green House homes without increasing overall staff time.
- **Increased engagement with elders:** More than a four-fold increase in staff time spent engaging with elders (outside of direct care activities) in Green House settings.
- **Less stress:** Direct care staff in Green House homes reported less job-related stress.
- **Improved care outcome:** Fewer in-house acquired pressure ulcers in Green House homes.

Green House homes versus traditional and other culture change nursing home costs⁴

- **Cost neutral operations:** Green House homes operate at the same median cost as the national nursing home median cost.
- **Lower capital costs:** Green House homes provide private bedrooms and baths and enhanced common space while building the same or fewer square feet than other current culture change nursing home models. Lower square foot costs lead to lower capital costs.

Role of direct-care workers⁵

- **Comparable quality:** Removal of formal nurse supervision of direct care workers did not compromise care quality.
- **Timely intervention:** High level of direct care worker familiarity with elders led to very early identification of changes in condition, facilitating timely intervention.

1 Kane R, Cutler L, et al. "Resident Outcomes in Small-House Nursing Homes: A Longitudinal Evaluation of the Initial Green House Program," *Journal of the American Geriatric Society*, 55(6):832-839, June 2007.

2 Kane R, Cutler L, et al. "Effects of Green House® Nursing Homes on Residents' Families," *Health Care Financing Review*, 30(2):35-51, Winter 2008-2009.

3 Sharkey S, Hudak S, et al. "Frontline Caregiver Daily Practices: A Comparison Study of Traditional Nursing Homes and The Green House Project Sites," *Journal of the American Geriatrics Society*, 59(1):126-131, January 2011.

4 Jenkins R, Sult, T, et al. "Financial Implications of THE GREEN HOUSE® Model," *Senior Housing & Care Journal*, 18 (1): 3-21, September 2011.

5 Bowers B, Nolet K. "Exploring the Role of the Nurse in Implementing THE GREEN HOUSE® Model" University of Wisconsin Unpublished 2009.



About THE GREEN HOUSE[®] Model

A GREEN HOUSE[®] home is a self-contained home for 10-12 people located in clusters of homes and designed to be similar to the homes or apartment building in the surrounding community. Green House home clusters are typically licensed as skilled nursing homes and meet all applicable federal and state regulatory requirements.

Each person who lives in a Green House home has a private bedroom and full bathroom opening to a central living area, open full kitchen and dining room. Elders share meals prepared in the home at a common table. Family members, friends, and staff are welcome to join the community at mealtimes and other activities.

Homes are staffed by a team of universal workers, known as Shahbazim, comprehensive clinical teams, and necessary departmental support. All staff meet certification and educational requirements as required for their roles—e.g., certified nursing assistants (CNAs), nurses—and receive extensive additional training in The Green House principles, practices, necessary role skills (e.g., culinary training for Shahbazim), and the skills required to operate in and with self-managed teams.

Nurses serve each Green House home on a 24-hour basis. One nurse typically covers two homes during the day and evening and up to three homes at night. The other clinical professionals on the team visit the houses regularly and as individual residents require.

The people who live and work in a Green House home collaborate to create a flexible daily routine that meets individual needs and preferences. If they wish, elders can help cook, help with housekeeping and laundry. There is no predetermined routine, facilitating independence and the ability to pursue individual interests and schedules. The combined Shahbaz role puts more direct care hours in the house allowing intensive relationships to form between staff and elders, particularly elders with the highest needs. Deep relationships are the basis for the model's dramatic improvements in quality of life and care.

For more information, visit
www.thegreenhouseproject.org.





What Informal Caregivers Think About THE GREEN HOUSE® Project

Results from Interviews, Focus Groups and Survey

Top Concerns About Nursing Care

Informal caregivers surveyed are most concerned about:

- ▶ Lack of individualized attention (83%)
- ▶ Isolation and loneliness (82%)
- ▶ Institutional atmosphere that is not as comfortable as home (82%)
- ▶ Loss of independence (80%)
- ▶ Lower on the list of reported concerns are cost and convenience

Q19: When you think about your elder getting long-term care in a facility like a nursing home, how concerned are you that you might encounter each of the following problems? Percentages are a combination of very/somewhat concerned.

The Green House Model Compared to Other Options

Informal caregivers with elders currently in long-term care believe The Green House model is "a lot better" than:

- ▶ In-home care (68%)
- ▶ Live-in facility (60%)
- ▶ Adult day care (61%)

Q24: Does this seem better or worse than the long-term nursing option that your elder has today?

Caregivers Want More Green House Homes

- ▶ 9 in 10 informal caregivers surveyed say it is important for local providers to build more Green House homes in their area.



How important is it for local providers in your area to build more Green House homes?

Response to The Green House Model Overwhelmingly Positive



Top Green House Model Features

| | |
|---|-----|
| All residents have a private room with a private bath | 80% |
| Elders' schedules are set according to their personal preferences and medical needs | 75% |
| The facility has a long-term track record caring for the elderly | 75% |
| The facility is "certified" by an outside organization to meet and maintain certain standards (must have key features like small size, home layout, staff ratio, and advanced training) | 75% |
| Staff are Certified Nursing Assistants (CNA's) with 128 additional hours of specialized training | 74% |
| Staff's multi-faceted role allows them to develop close relationships with the residents living in the home | 74% |
| Activities are designed around elders' interests, and input from family is welcome | 74% |
| The facility is designed like a real home with a great room that includes a living area, fireplace, open kitchen, and dining area with a large family table | 73% |
| The facility costs less than other long-term nursing care options in your community | 71% |
| The facility is located near your home so you can easily visit | 71% |
| 1-3 staff plus 1 nurse per shift for 6-12 elders | 70% |
| Residents are encouraged to bring furniture and/or personal items from home | 70% |
| The facility offers a completely new approach to thinking about and delivering long-term care | 69% |
| Cost is comparable to a private room in other local nursing homes | 69% |
| All elders in need of long-term nursing care are eligible to live at the facility, regardless of medical condition | 68% |
| Residents can eat together at a family table if they choose | 63% |
| All meals are prepared by the staff in each home's open kitchen | 61% |
| Only 6 to 12 residents per house | 60% |

Q28: Below are different features that Green House homes and other nursing homes may have. How important is each to you when you think about choosing long-term nursing care for your elder?

Top Green House Model Features

- ▶ Large majorities believe *all* Green House home features are important.
- ▶ Top features reflect key caregiver concerns – comfort, independence, and well-trained staff attentive to their elder's individualized needs.
- ▶ Caregivers want a facility with a positive track record and certification.
- ▶ The features above are slightly more important than cost and convenience.

Q28: Below are different features that Green House homes and other nursing homes may have. How important is each to you when you think about choosing long-term nursing care for your elder?



Informal Caregiver Survey

- ▶ 1,065 caregivers completed the online survey
- ▶ Drawn from a national online panel of adults (18+)*, then screened to meet the following criteria for "caregivers":
 - ▶ Responsible for the well-being of an elderly relative or friend;
 - ▶ Either have been a decision-maker in choosing long-term nursing care for their elder; or
 - ▶ Will be a decision-maker about long-term nursing care for their elder in the future.
- ▶ Survey fielded April 17-23, 2012

* Sample Details: 72,500 adults were invited to take the survey and a total of 6,417 (8.9%) accessed the survey. 1,168 completed the survey (103 were disqualified for "speeding" through), 4,941 were terminated in the screening process, and 305 started but did not complete the survey.

Find out more about The Green House Project:
thegreenhouseproject.org



A New Pilot Study Finds Meaningful Savings in THE GREEN HOUSE® Model for Elder Care

Horn and colleagues (2012)¹ examined differences in the Medicare and Medicaid costs in Green House homes compared to traditional nursing homes. Using previously collected data, the information below reflects a preliminary analysis of this issue. Current research being conducted by a collaborative of research partners under Robert Wood Johnson Foundation funding will examine this issue further.

Data Collection and Analysis

We conducted a retrospective observational study based on existing data from 4 Green House organizations that participated in the Robert Wood Johnson Foundation Green House Workflow Study. From these organizations, 13 sites (9 Green House units and 4 Traditional NH units) were included in analyses. At admission, the residents in the Green House homes were comparable to the residents of the traditional nursing homes in the study.² The total sample size was 255 residents: 97 Green House residents and 158 Traditional nursing home residents. Data were collected from June 2004–September 2009. We used Minimum Data Set (MDS) assessments to abstract the number of hospitalizations and define time spent in RUG categories for each resident for up to 12 months of follow-up.

FINDINGS

Medicare Hospital Expenditures

The rate of hospitalization per resident over 12 months was over seven percentage points higher in the traditional nursing home units relative to the Green House Units. As such, annual Medicare hospitalization expenditures per resident were less in the Green House unit relative to the traditional units.

Medicaid Daily Nursing Home Expenditures

Medicaid nursing home costs were calculated using the Resource Utilization Group (RUG) based payment for two representative states: Minnesota and Washington. RUGs is the system most states use to case-mix adjust Medicaid payments to nursing homes. If Green House settings can keep residents in lower acuity payment categories for longer periods of time, they can generate savings for state Medicaid programs relative to traditional nursing home settings. The results suggest that elders residing in Green House settings achieved Medicaid savings by maintaining better functioning (i.e., lower acuity) over the study period.

POTENTIAL COMBINED SAVINGS

The overall difference in total Medicare and Medicaid costs per resident over 12 months (sum of hospitalization and daily care costs (RUG costs)) ranged from approximately \$1,300 to \$2,300 less for residents in Green House vs. traditional nursing homes depending on which RUG rates were used, Washington state or Minnesota. Although this study has limitations (e.g., small sample size, generalizability), the findings are the best available evidence to date addressing Medicare and Medicaid spending differences in the Green House model.

¹ Horn, S.D., Sharkey, S., Grabowski, D.C., Barrett, R. (2012). "Cost of Care in Green House Home Compared to Traditional Nursing Home Residents," Working paper.

² Sharkey SS, Hudak S, Horn SD, James R, Howes J. Front-Line Caregiver Daily Practices: Comparison Study of Traditional Nursing Homes and The Green House® Project Sites. J Amer Geriatrics Society 2011;59(1):126-131.

Frontline Caregiver Daily Practices: A Comparison Study of Traditional Nursing Homes and The Green House Project Sites

Siobhan S. Sharkey, MBA,* Sandra Hudak, RN, MS,* Susan D. Horn, PhD,[†] Bobbie James, MStat,[†] and Jessie Howes, BA[†]

OBJECTIVES: To describe differences in frontline caregiver daily practice in two types of skilled nursing facility (SNF) settings, Green House (GH) homes and traditional SNF units, related to overall staffing (nursing and nonnursing departments), direct care and indirect care time per resident day, and staff time interacting with residents.

DESIGN: Observational, interview, and survey study comparing frontline caregiver daily practice in GH homes and traditional SNFs.

SETTING: Twenty-seven sites (GH homes and traditional SNF units).

PARTICIPANTS: Two hundred forty staff from participating sites.

MEASUREMENTS: Site and resident characteristics, nursing and nonnursing department staff hours per resident day (HPRDs), certified nursing assistant (CNA) direct and indirect care HPRDs, and CNA HPRDs engaged with residents.

RESULTS: Staffing from nursing and nonnursing departments combined, excluding administrative, was 0.3 less HPRDs (18 minutes) in GH homes than in traditional SNFs. CNAs in GH homes, although responsible for more nonnursing activities such as laundry and housekeeping, spent 0.4 more HPRDs (24 minutes) in direct care activities than CNAs in traditional SNFs.

CONCLUSION: The results challenge the assumption that staffing efficiencies cannot be achieved in small environments such as a GH home. Although the GH model has higher ratio of CNA staff to residents than traditional SNF units, overall staff time (combined total of nursing and nonnursing HPRDs) is slightly less in GH homes. The GH model allows for expanded responsibilities of CNAs in indirect care activities and more time in direct care activities and engaging directly with resident. *J Am Geriatr Soc* 2010.

Key words: Green House model; skilled nursing facility frontline caregiver daily practices; culture change in long-term care; Shahbaz and CNA comparison

Since the mid-1990s, there has been a focus on culture change in delivery of care to older adults in skilled nursing facilities (SNFs). Many efforts have aimed to redesign structure, roles, and processes within existing SNFs, such as reconfiguring physical environment, developing processes and staff skills related to person-centered care, and redesigning staff roles to increase areas of responsibility and empowerment.^{1–9} One approach, the Green House (GH) model, provided a new concept for SNF care designed to “create a small intentional community for a group of elders and staff.”^{10,11}

GH homes aim to deinstitutionalize long-term care and create a supportive environment for elders. Important components are:

Environment and philosophy: A GH home is a “self-contained residence” for nine to 12 older adults, each with a private room and bathroom. Physical space is designed as a home (large great room with fireplace, communal dining table, and walk-in kitchen open to dining room and great room).

Redesigned role of certified nursing assistants (CNAs): CNAs in GH homes are specially trained universal workers called Shahbazim (CNAs who take on extra duties and are responsible for managing the home). Scope of Shahbazim responsibilities includes personal care, meal preparation and service, housekeeping, laundry, and activities.

Self-managed team approach: Shahbazim work as a self-managed team with coaching and supervision from a guide.

Clinical support team: nurses, social workers, activities, therapists, nutritionists, pharmacist, and medical director partner with Shahbazim.

From the *Health Management Strategies, Austin, Texas; and [†]Institute for Clinical Outcomes Research, Salt Lake City, Utah.

Address correspondence to Siobhan Sharkey, 9600 Escarpment Blvd, Suite 745-21, Austin, TX 78749. E-mail: ssharkey@hmstrat.com

DOI: 10.1111/j.1532-5415.2010.03209.x

The Green House Replication Initiative, started in 2005, has partnered with organizations in 26 states to build GH homes.^{12,13} With questions about the GH model growing, this study was conducted to measure differences in front-line (registered nurse (RN), licensed practical nurse (LPN), or CNA) caregiver daily practice in GH homes and traditional SNF units. Questions addressed were:

- Are there differences in overall staffing hours per resident day (HPRDs) (including nursing and nonnursing departments such as food services, housekeeping, and activities)?
- How do CNA HPRDs in direct care and indirect care activities compare?
- In which specific activities do CNAs spend significant differences in time?

METHODS

Design

This observational study examined overall staffing (nursing and nonnursing departments) and CNA time spent in direct and indirect care activities in two types of SNF settings: GH homes and traditional SNF units. Data were collected from study sites from October 2008 to March 2009 using observational, interview, and survey methods.

Settings

The study included two types of organizations: SNFs with (GH organization) and without (comparison) GH homes. GH organizations had at least one GH home opened for 9 to 12 months with geographic distribution in the east, midwest, and west. Comparison organizations had a SNF with between 80 and 153 beds in the same community as the GH organization, with at least one unit with chronic long-term care residents. Excluded were hospital-based SNFs and Veterans Affairs facilities, facilities at a high stage of culture change (e.g., retrofit building; convert to all private rooms; redesign with self-managed work teams of frontline clinical staff), or facilities with majority of residents in rehabilitation or subacute care units.

Comparison organizations were "typical" traditional SNFs with populations comparable with those in GH homes. Organizations at a high stage of culture change were excluded because they are not typical SNFs. Before finalizing comparison organizations for participation, quality measure and deficiency data were reviewed from Nursing Home Compare to ensure similarity to the sample of GH organizations.¹⁴ Also, comparison organization staffing data from Nursing Home Compare were compared with national averages to confirm that comparison sites represented typical SNFs. Comparison organization CNA HPRDs at time of selection were 2.6 (2008 Quarter 1 (Q1)); median for all SNFs in 2008 was 2.3. Comparison organization licensed staff HPRDs at time of selection were 1.3 (2008 Q1); median for all SNFs in 2008 was 1.3.

Thirteen GH and comparison organizations participated. Seven GH organizations were selected, all still operating a traditional SNF, or "main" building. From each GH organization, one to four GH homes and one unit from its traditional SNF were selected. GH home mean (also

median and mode) size was 10 beds (range 9–12 beds). Traditional SNF unit mean size was 34 beds (range 24–50 beds).

Six comparison organizations were selected from local communities. A comparison site could not be found for one GH organization because of scheduling difficulties. One SNF unit per organization was selected based on the following criteria: long-term care unit, excluding specialty units such as Alzheimer's, rehabilitation, or subacute units. The mean size of each SNF unit was 42 beds (range 20–60 beds).

In summary, 13 organizations (7 GH and 6 comparison) and 27 sites (14 GH homes and 13 traditional SNF units) were studied. Traditional SNF units included two subgroups: seven units from seven GH organizations and six units from six comparison organizations.

Data Sources and Measures

Data were collected using three methods: on-site visit by research team (2–4 people per visit), surveys, and staff interviews. The University of Utah institutional review board reviewed and approved the study as a minimal risk study. No identifiers were collected on staff surveys, 3-day log sheets, or interview notes. Staff participation was voluntary.

Surveys included:

Site profile survey: data on organization characteristics (e.g., size, occupancy, location, ownership, payer mix, leadership tenure) and labor budget hours for nursing and nonnursing departments.

Centers for Medicare and Medicaid Services (CMS) Resident Census and Conditions of Residents form: completed by each site to measure resident characteristics coinciding with the on-site visit date.

Staff surveys: completed by nonnursing department managers at each organization to confirm labor budget and daily process (e.g., how work is completed, including major tasks, typical steps, typical interactions with other staff, how information is exchanged).

3-day log sheets: completed by CNA or Shahbaz staff on each shift to document time spent on activities each hour. Used to supplement research team observations.

A one-day on-site visit at each site focused on observations of CNA or Shahbaz daily work. Each site visit lasted 8 to 10 hours and spanned day, evening, and night shifts. Full site visits were conducted at 25 sites: 13 traditional SNF units and 12 GH homes (schedule did not permit an 8- to 10-hour site visit to 2 GH homes). For each visit, the standard agenda included arrival meeting with leadership, shadowing of CNAs or Shahbazim to make detailed observations about daily work, group discussion with CNAs or Shahbazim, and brief interviews with frontline caregivers (RN, LPN, CNA) and department managers (5 per organization). Two CNAs or Shahbazim were observed per day and evening shifts.

Brief interviews (10–20 minutes each) were conducted with staff to supplement survey information. For example, CNAs and Shahbazim were asked to describe a typical day's activities hour by hour and elaborate on delays or breakdowns in their process.

Department managers were interviewed to supplement information provided on workflow surveys and confirm labor hours to support the unit or GH home(s). Also, an administrator or director of nursing was interviewed to confirm data on the site profile survey. Information on nursing HPRDs (direct care staff, excluding administrative nursing) and nonnursing department HPRDs (e.g., housekeeping, food services) was collected.

Measures of staff time included direct and indirect care time. Information on CNA and Shahbazim HPRDs in direct and indirect care activities came from three sources: direct observation, 3-day log sheets completed by staff, and staff interviews. Observation tools were developed to document and quantify daily practices of CNAs and Shahbazim using a set of direct and indirect care activities (based on CMS Staff Time and Resource Intensity Verification Project definitions).¹⁵⁻¹⁸ For each activity, the tool helped capture time start and stop and location (to and from if relevant).

Direct care activities included: activities of daily living (ADLs; e.g., bathing, toileting, bed mobility, transfer, eating), meal time (serving meal, assisting with eating, passing snack or ice and water), social activities, communication with staff, communication with resident and family, documentation, staff eating at table with resident, and time transporting resident or equipment.

Indirect care activities included: meal preparation (including food ordering), housekeeping, laundry, and administrative (staff break, scheduling).

Staff time engaged with resident included: Staff time engaged with resident was based on direct observation on day and evening shifts. Day shift calculation was based on observations from 8 a.m. to 2 p.m. (6 hours) and evening shift calculation on observations from 3 p.m. to 7 p.m. (4 hours). Two components were measured: time CNA or Shahbaz engaged with resident simultaneously with activity (ADLs, meals, transport, meal preparation, laundry) for at least 2 minutes and time CNA or Shahbaz engaged with resident as a specific activity: communication with resident and family or social activities.

Data Analysis

The unit of analysis was GH home or traditional SNF unit. Data from different sources were entered into Microsoft Access or Excel databases (Microsoft Corp., Redmond, WA). SAS version 9.1 (SAS Institute, Inc., Cary, NC) and SPSS version 13.0 (SPSS, Inc., Chicago, IL) statistical software packages were used to analyze data. Percentages, means, standard deviations, and ranges were computed for collected metrics. Nonparametric analysis of variance was used to test for statistical differences between settings.

- Organization characteristics: Frequencies were computed for each profile survey question.
- Resident characteristics: Frequencies were computed for each CMS Resident Census and Conditions of Residents form item. Using resident information for each site (traditional SNF unit or GH home), an ADL score was computed based on Resource Utilization Group (RUG)-III ADL Index with the following ADLs: dressing, transferring, toileting, and eating.¹⁹⁻²¹
- Nursing and nonnursing staffing hours: Nurse staff ratios and budget labor hours for nonnursing departments

per year were used to compute HPRDs for each site and then averaged for the groups, using one GH home and one traditional SNF unit per organization. One GH home per organization was included in analysis because, within the same organization, all GH homes had the same nursing and nonnursing staffing time, so it was immaterial which GH home within a GH organization was selected.

- CNA or Shahbaz HPRDs in direct and indirect care activities: Mean HPRDs for direct and indirect activities were computed per shift based on site-specific staffing ratios. Total direct and indirect care HPRDs were computed by adding values for all three shifts. Lastly, overall group means were computed. *P*-values were computed based on nonparametric Wilcoxon two-sample tests or Kruskal-Wallis tests for three samples.
- Staff time engaging with resident: Observations were averaged for each hour according to site, HPRDs computed, and then averaged according to group.

RESULTS

Organization Characteristics

Participating organizations (GH and comparison) represented a similar distribution of ownership, organization structure, tenure of leadership, and location (Table 1). None of the differences were statistically significant.

Table 1. Organization-Level Characteristics of Participating Organizations

| Characteristic | Green House Organizations (n = 7) | Comparison Organizations (n = 6) | P-Value |
|---|-----------------------------------|----------------------------------|---------|
| Number of long-term care beds, mean | 109.4 | 104.3 | .94* |
| Occupancy rate (2008), % | 93.1 | 89.5 | .26* |
| Tenure of current administrator, years, % | | | |
| > 5 | 57 | 33 | .59† |
| 0-5 | 42.9 | 66.7 | |
| Tenure of current director of nursing, years, % | | | |
| > 5 | 71.4 | 50 | .59† |
| 0-5 | 28.6 | 50 | |
| Ownership | | | |
| Not for profit | 85.7 | 83.3 | > .99† |
| For profit or government | 14.3 | 16.7 | |
| Organization, % | | | |
| Continuing care retirement community | 71.5 | 40.0 | .37† |
| Long-term care facility [§] | 28.6 | 60.0 | |
| Location, % | | | |
| Urban | 42.9 | 50.0 | .34† |
| Suburban | 28.6 | 16.6 | |
| Rural | 28.6 | 33.3 | |

* Two-sample Wilcoxon test.

† Fisher exact test.

‡ Chi-square.

§ Includes skilled nursing facilities that are stand-alone or part of a multiple-facility organization.

Table 2. Resident-Level Characteristics of Participating Sites

| Characteristic | Green House Home (n = 14) | Main: Traditional SNF Unit (n = 7) | Comparison Organization: Traditional SNF Unit (n = 6) | Kruskal-Wallis P-Value |
|--------------------------------|---------------------------|------------------------------------|---|------------------------|
| Payer, % | | | | |
| Medicare | 4.6 | 6.5 | 11.1 | .18 |
| Medicaid | 38.9 | 70.6 | 54.3 | .08 |
| Overall ADL acuity score, mean | 9.5 | 9.8 | 11.2 | .10 |

SNF = skilled nursing facility; ADL = activity of daily living.

Resident Characteristics

There was no significant difference between overall ADL acuity scores in GH homes (9.5) and participating units in traditional SNFs (main 9.8, comparison 11.2, $P = .10$) (Table 2).

Staffing

Nursing

Total nursing HPRDs (RN, LPN, and CNA) (excluding administrative hours) was 5.3 in GH homes and 3.6 in traditional SNF units, a difference of 1.7 more HPRDs of total nursing time in GH homes (Table 3, $P = .002$). The largest difference was in CNA or Shahbaz time; there were 1.56 more Shahbaz HPRDs in GH homes than CNA HPRDs in traditional SNF units ($P = .002$). The 0.16 more RN and LPN HPRDs in GH homes than in traditional SNF units was not statistically significant ($P = .17$).

Nonnursing Department Support

GH homes received 2 hours less per resident day (excluding administrative time) than traditional SNF units of department support from housekeeping, laundry, dietary, dietitian, activities, and staff education (Table 3). GH homes received on average 0.3 HPRDs from these departments, whereas traditional SNF units received on average 2.3 HPRDs ($P = .005$).

In summary, for overall staffing (nursing plus nonnursing departments), GH home staffing (5.6 HPRDs) was slightly less (0.3 HPRDs, or 18 minutes) than traditional SNF unit staffing (5.9 HPRDs).

CNA and Shahbaz HPRDs in Direct and Indirect Care Activities

Shahbaz HPRDs in direct care activities was significantly higher in GH homes (2.4 hours, or 141.5 minutes) than CNA HPRDs in traditional SNF units (2 hours, or 117.6 minutes) ($P = .004$) (Table 4). At a shift level, there was a significant difference on evening shift between total direct care HPRDs in GH homes (58 minutes) and traditional SNF units (43 minutes) ($P = .004$). Shahbaz HPRDs in indirect care activities was significantly higher in GH homes (1.8 hours, or 106 minutes) than CNA HPRDs in traditional SNF units (0.6 hours, or 34.1 minutes) ($P = .001$) and similar on all three shifts.

Preliminary Finding for Additional Study

In GH homes, Shahbaz HPRDs directly engaging with residents outside of ADL activities was 0.4 (23.5 minutes), compared with 0.09 (5.2 minutes) for CNA HPRDs in traditional SNF units. Approximately one-third of the total time (7.5 minutes) that Shahbazim spent engaging with residents in GH homes is spent engaging while

Table 3. Staffing Hours per Resident Day (HPRDs)

| Staff | Mean (Range) | | Difference: GH Home Versus Traditional SNF Unit | Wilcoxon P-Value |
|---|------------------|-------------------------------|---|------------------|
| | GH Home (n = 7) | Traditional SNF Unit (n = 13) | | |
| Nursing | | | | |
| CNA | 4.16 (4–4.98) | 2.60 (2.04–3.08) | 1.56 | .002 |
| Licensed nursing (excludes administrative nursing hours) | 1.15 (0.82–1.78) | 0.99 (0.79–1.19) | 0.16 | .17 |
| Total nursing (registered nurse, licensed practical nurse, CNA) (excludes administrative nursing hours) | 5.3 (4.95–6.76) | 3.6 (3.02–4.08) | 1.7 | .002 |
| Nonnursing | | | | |
| Housekeeping | 0.09 (0.01–0.19) | 0.53 (0.13–0.93) | –0.44 | .005 |
| Laundry | 0.06 (0–0.29) | 0.22 (0.06–0.46) | –0.16 | .04 |
| Dietary | 0.08 (0.03–0.14) | 1.16 (0.62–2.46) | –1.08 | .005 |
| Dietitian | 0.03 (0.03–0.04) | 0.08 (0.05–0.14) | –0.05 | .02 |
| Activities | 0.04 (0–0.10) | 0.28 (0.06–0.81) | –0.24 | .006 |
| Staff education | 0.02 (0–0.06) | 0.04 (0.02–0.06) | –0.02 | .08 |
| Total nonnursing | 0.3 (0.08–0.47) | 2.3 (1.39–4.16) | –2.00 | .005 |
| Total nursing and nonnursing | 5.6 | 5.9 | –0.3 | .19 |

Staffing hours total does not include administration or director of nursing.

GH = Green House; SNF = skilled nursing facility; CNA = certified nursing assistant.

Table 4. Shahbaz and Certified Nursing Assistant (CNA) Time per Resident Day in Direct and Indirect Care

| Type of Care | Minutes, Mean (Range) | | | Wilcoxon <i>P</i> -Value |
|---------------|-----------------------|----------------------------------|------------------------|-----------------------------|
| | GH Home (n = 12) | Traditional SNF Unit (n = 13) | Difference, Minutes | |
| Direct | | | | |
| Day shift | 59.9 (46.6–92.3) | 53.0 (37.3–62.3) | 6.9 | .16 |
| Evening shift | 58.1 (40.1–83.6) | 43.1 (31.3–59.1) | 15.0 | .004 |
| Night shift | 23.5 (17–32.9) | 21.5 (16.1–30.1) | 2.0 | .26 |
| Total | 141.5 (119.9–197.2) | 117.6 (91.5–145.6) | 23.9 | .004 |
| Indirect | | | | |
| Day shift | 45.6 (33.6–60.6) | 15.0 (6.8–25.2) | 30.6 | < .001 |
| Evening shift | 34.8 (23.0–43.9) | 11.1 (1.0–21.9) | 23.7 | < .001 |
| Night shift | 25.6 (15.1–32.1) | 8.0 (5.7–12.6) | 17.6 | .001 |
| Total | 106 (71.7–136.6) | 34.1 (12.9–59.7) | 71.9 | < .001 |

completing another activity such as preparing a meal or folding laundry. The small environment is conducive to Shahbazim engaging with residents while getting other work done. In traditional SNF units, there was little time spent engaging with residents while doing other work (0.6 minutes).

DISCUSSION

The findings provide measures to compare GH homes with units in traditional SNFs, answer questions about differences and similarities in how Shahbazim and CNAs spend time in daily activities, and address skepticism related to the operational feasibility of the GH model.

From a staffing perspective, the results challenge the assumption that staffing efficiencies cannot be achieved in small environments like a GH home. In fact, the findings suggest that there are fewer total staffing HPRDs in GH homes, approximately 0.3 fewer HPRDs in GH homes than intraditional SNF settings; licensed nursing time was essentially the same, Shahbaz time was 1.6 more HPRDs in GH homes, and nonnursing department time was approximately 2 fewer HPRDs in GH homes. The smaller number of nonnursing department support hours in GH homes can be attributed to the fact that work has been shifted from departments such as housekeeping, laundry, and food services to Shahbazim.

A common question is whether Shahbazim in the GH model can assume more responsibilities such as additional indirect care activities and still spend the same amount of time on direct resident care as CNAs in traditional SNFs. It was found that Shahbazim were able to assume expanded responsibilities defined in the GH model without negatively affecting time spent on resident care. Although the role of Shahbazim in the GH homes differed from that of CNAs in traditional SNFs, responsible for more indirect activities (e.g., food preparation, laundry), residents in GH homes received approximately 0.4 more HPRDs (24 minutes) of direct care time from a Shahbaz than residents in traditional SNF settings.

What are other implications of the GH model on frontline daily practices? Preliminary findings are that Shah-

bazim spent 0.4 HPRDs (25 minutes) directly engaging with residents outside of ADL activities, compared with 0.08 HPRD (5 minutes) for CNAs in a traditional SNF setting. CNA and Shahbaz comments during on-site observation and interviews supported this finding. For example, typical Shahbaz comments were "We have time to focus on individual elder needs here compared to when I worked in the main building." Typical CNA comments were, "We are running the entire shift. As soon as we get residents back from meal, toileted, and rested, we start getting them ready for the next meal."

These findings suggest several areas for future study of how differences in environment and frontline caregiver practices affect quality of care and quality of life of residents. For example, How does rate of ADL decline differ? How does time spent with residents and a less-structured meal approach affect weight loss? How do smaller case-loads affect the rate of transfers to the hospital or emergency department?

There are several limitations of the study. First is the possibility of error in important measures—time spent in direct and indirect care activities. Approximately 8 to 10 hours of data at each site were based on direct observation by two to three members of the research team. The remaining 14 to 16 hours of data, primarily half the evening and the night shift, were based on staff interviews and log sheets completed by staff. This limitation was addressed by collecting three to five log sheets per shift completed for 3 days per site and cross-referencing with interview data and researcher notes from observation. Observations, interviews, and log sheets were compared and found to have more than 80% agreement.

Second, two CNAs were observed in traditional SNF units, versus all CNA staff working on the unit. Although this matched the observation of two Shahbazim in each GH home, it was only a representative sample of traditional SNF unit staff.

Third is representativeness of the sample. Although selection criteria for comparison organizations were defined and used, it was likely that they agreed to participate because they were interested in gaining comparative information on staffing and daily practices.

CONCLUSIONS

Although the GH model has a higher ratio of CNA staff to residents than traditional SNF units, overall staff time (combined total of nursing and nonnursing HPRD) is slightly less in GH homes. The GH model allows for expanded responsibilities of CNAs in indirect care activities and more time in direct care activities and engaging directly with residents. Future studies will focus on resident outcomes associated with differences in frontline caregiver staffing and practices in GH and traditional units.

ACKNOWLEDGMENTS

The authors are grateful to the many participants who contributed to this study. All of the participating SNFs and GH homes provided access to their facilities and generous support for data collection. NCB Capital Impact provided access to resources related to The Green House Replication Initiative. Dorothy Weber, consultant, provided guidance on using lean techniques and developing observation tools and assisted in collecting data on several site visits. The authors had no resident-identifiable data.

Conflict of Interest: This study was funded by a grant from the Robert Wood Johnson Foundation to International Severity Information Systems, Inc. and the Institute for Clinical Outcomes Research and Health Management Strategies, Inc. In addition, there was in-kind support from the participating nursing homes. None of the authors have any conflict of interest with regard to this study.

Author Contributions: Siobhan Sharkey, Sandy Hudak, and Susan Horn were the project leaders. Bobbie James was the data analyst. Jessie Howes was the research assistant. All authors contributed to the study and manuscript.

Sponsor's Role: The Robert Wood Johnson Foundation project officer was engaged in the study. She participated in discussions related to study design and review of preliminary and final analyses.

REFERENCES

1. Weiner AS, Ronch JL, editors. *Culture Change in Long-Term Care*. New York: Haworth Press, 2003.
2. Thomas WH. *The Eden Alternative Handbook. The Art of Building Human Habitats*. Sherburne, NY: Summer Hill Company, Inc., 1999.
3. Angelelli J. Comparing the characteristics of Eden Alternative early adopters with those who discontinue. *Gerontologist* 2004;44:34.
4. Coleman M, Looney S, O'Brien J et al. The Eden Alternative: Findings after 1 year of implementation. *J Gerontol A Biol Sci Med Sci* 2002;57A:M422-M427.
5. Yeatts DE, Cready CM. Consequences of empowered CNA teams in nursing home settings: A longitudinal assessment. *Gerontologist* 2007;47:323-339.
6. Bishop CE, Weinberg DB, Leutz W et al. Nursing assistants' job commitment: Effect of nursing home organizational factors and impact on resident well-being. *Gerontologist* 2008;48(Suppl 1):36-45.
7. Farrell D, Elliot AE. Investing in culture. *Provider* 2008;8:18-31.
8. Doty MM, Koren MJ, Sturla EL. Culture change in nursing homes: How far have we come? Findings from The Commonwealth Fund 2007 National Survey of Nursing Homes [on-line]. Available at <http://www.commonwealthfund.org> Accessed August 28, 2008.
9. Bowers B, Nolet K, Roberts T et al. Implementing change in long-term care: A practical guide to transformation [on-line]. Available at <http://www.pioneer-network.net/Providers/ProviderTools/> Accessed August 28, 2008.
10. Rabig J, Thomas WH, Kane RA et al. Radical re-design of nursing homes: Applying the green house concept in Tupelo, MS. *Gerontologist* 2006;46:539-543.
11. Kane RA, Lum TY, Cutler LJ et al. Resident outcomes in small-house nursing homes: A longitudinal evaluation of the initial green house program. *J Am Geriatr Soc* 2007;55:832-839.
12. The Green House Concept, NCB Capital Impact [on-line]. Available at <http://www.ncbcapitalimpact.org/thegreenhouse> Accessed July 25, 2008.
13. The Green House Project Guide Book, NCB Capital Impact [on-line]. Available at <http://www.ncbcapitalimpact.org/thegreenhouse> Accessed July 25, 2008.
14. Nursing Home Compare [on-line]. Available at <http://www.medicare.gov/NHCompare/home.asp> Accessed September 15, 2008.
15. Jimmerson C, Weber D, Sobek D. Reducing waste and errors: Piloting lean principles at Intermountain Health Care. *JCAHO J Qual Safety* 2005;31:249-257.
16. Rother M, Shook J. *Learning to See: Value Stream Mapping to Create Value and Eliminate Muda*. Brookline, MA: The Lean Enterprise Institute, 2003.
17. Wallace CJ, Savitz L. Estimating waste in frontline health care worker activities. *J Eval Clin Practice* 2008;14:178-180.
18. STRIVE Time Study [on-line]. Available at http://www.cms.hhs.gov/snfpps/10_TimeStudy.asp Accessed August 28, 2008.
19. Quality Measures Management Information System (QMIS) [on-line]. Available at <https://www.qualitynet.org/qmis/measureDetailView.htm> Accessed August 28, 2008.
20. Morris JN, Fries BE, Morris SA. Scaling ADLs within the MDS. *J Gerontol Biol Sci Med Sci* 1999;54:M546-M553.
21. EQUIP Manual: Calculation of Total ADL Score RUG-III, 53 Group Hierarchical Classification. Available at <http://www.equipforquality.com> Accessed August 28, 2008.

Effects of Green House® Nursing Homes on Residents' Families

Terry Y. Lum, M.S.W., Ph.D., Rosalie A. Kane, M.S.W., Ph.D., Lois J. Cutler, Ph.D., and Tzy-Chyi Yu, M.H.A., Ph.D.

A longitudinal quasi-experimental study with two comparison groups was conducted to test the effects of a Green House (GH®) nursing home program on residents' family members. The GH®s are individual residences, each serving 10 elders, where certified nursing assistant (CNA)-level resident assistants form primary relationships with residents and family, family is encouraged to visits, and professionals adapted their roles to support the model. GH® family were somewhat less involved in providing assistance to their residents although family contact did not differ among the settings at any time period. GH® family were more satisfied with their resident's care and with their own experience as family members, and had no greater family burden. Issues in studying family outcomes are discussed as well as implications for roles of various personnel, including social service and activities staff in a GH® model.

EFFECTS OF GH® NURSING HOMES

This article presents results of a quasi-experimental study that examined how a dramatically changed small-house nursing home model affected behavior and outcomes for residents' family members. The model of nursing home care developed in the GH® in Tupelo, Mississippi, created

opportunities and challenges for family members, and was expected to result in more positive family interactions with residents, and greater family engagement with and satisfaction with the nursing homes.

BACKGROUND

Family members are instrumental to the psychosocial well-being of nursing home and assisted living residents, and provide the major means for residents to retain their social affiliations and relationships outside the nursing home (Kane, 2004). Families typically are integrally involved in the decision of older people to move to a residential setting, and their choice of facility (Reinardy and Kane, 1999; 2003). If reformed models of nursing homes do not meet with family approval, they are unlikely to be chosen. Further, family members are also a major source of emotional support to elderly people receiving long-term care in all settings, including group residential settings such as nursing homes and assisted living (Gaugler, Kane, and Kane, 2002; Gaugler and Kane, 2007). Family members continue to provide both tangible and emotional support to residents after so-called institutional placement (Kane et al., 1999). Family members also often take on a watchdog role, looking after their relatives' interests and promoting their quality of care (Bowers, 1988). However, the roles of family members in relationship to the nursing home are sometimes ambiguous, fraught with poor communication and misunderstandings

The authors are with the University of Minnesota. The research in this article was supported by a grant from the Commonwealth Fund. The statements expressed in this article are those of the authors and do not necessarily express the views or policies of the University of Minnesota, The Commonwealth Fund, or the Centers for Medicare & Medicaid Services (CMS).

between nursing home personnel and family members about mutual expectations (Friedemann et al., 1998).

Although family members typically remain engaged with their members who are nursing home residents, nursing home visits can be difficult and stilted experiences. The setting appears medical and unnatural, engendering uncertainties about what relatives are permitted to do. Also family members may feel guilty and sad because they felt the need to encourage a nursing home admission. Visits may, therefore, become brief and limited to a few relatives, with children and extended family members reluctant to visit or to risk taking the nursing home resident out of the setting to participate in community life.

The movement toward culture change and individualized services in nursing homes has led to new configurations of nursing homes that are more normalized and utilize household models (Weiner and Ronch, 2003). Little is known about how family members perceive the safety and care of the residents and the demands or benefits for themselves, when their relatives live in nursing homes with transformed housing arrangements. This article examines how family members of GH® nursing homes (compared to families of residents in conventional facilities) reacted to their relatives' moves to a radically changed nursing home.

Intervention

GH®s are self-contained dwellings for 7-10 residents needing nursing home levels of care. The physical environment is residential, offering residents opportunities for privacy (with private rooms and full bathrooms) and participation in community life, with a residential-style kitchen where meals are prepared on site, a dining area with a large communal dining

table, a living room with a fireplace (collectively known as the hearth area), a sun room, and accessible patio and outdoor space. The GH® avoids nurses' stations, medication carts, and public address systems. The frontline care staff members, who are CNAs assigned to a single GH®, have broadened roles, including, cooking, housekeeping, personal laundry, personal care to residents, implementation of care plans, and assisting residents to spend time according to their preferences. This CNA with an expanded role is called a Shabbaz in GH® parlance, a Persian term meaning royal falcon that William Thomas used "... to connote the importance of the role of the individuals who watch over the elders [Rabig, 2008]."

All professional personnel mandated in nursing home regulations (e.g. nurses, physicians, social workers, dietician, pharmacist, therapy staff, and activity personnel) form visiting clinical support teams that provide specialized assessments and order and supervise care within their spheres of expertise. The elder assistants report to an administrator (called a guide) rather than to a nurse. Philosophically, the GH® model emphasizes individual growth and development and a good quality of life under normal rather than therapeutic circumstances. A group of GH®s on a campus or scattered in a residential neighborhood operates under a nursing home license and within a State's usual Medicaid reimbursement amounts, though a redistribution of expenditures could occur.

The first GH®s in the U.S. were built in Tupelo, Mississippi, on the campus of a faith-based non-profit retirement complex, comprised of independent housing, assisted living, and a nursing home (Cedars) licensed for 140 beds. In June 2003, the first four GH®s were opened and occupied by residents from the sponsoring nursing home; two of these GH®s were

initially earmarked for residents in the locked dementia care unit (which was then closed) and the others were occupied by residents from the general nursing home population from residents volunteering to move in and chosen in order of the length of time that the residents had been on the campus. Vacancies arising in the GH®s after the initial move-in were similarly filled by residents already in the nursing home or on the campus, again in order of length of time on the campus. Training to become an elder assistant was offered to staff at Cedars, supplemented by new hires from the community; staff who assumed these new GH® roles varied in age and length of experience in long-term care, but on average had the same demographic characteristics as nursing home CNAs regarding sex, race, education, and prior experience as all CNAs in Mississippi. Fuller descriptions of the general model, its theoretical rationale, and its first implementation in Mississippi have been published (Thomas, 2004; Rabig et al., 2006).

We undertook a large-scale, multifaceted study of the GH® that included collecting outcome data from residents, family, and frontline staff; detailed post-occupancy evaluation observations of the GH®; and a case study of the implementation of the GH®. Here we report the results for family outcomes. Reported elsewhere are the results for residents; a followup study comparing resident outcomes over 18 months to residents in two comparison settings found that GH® residents had a better perceived quality of life on numerous domains, were more satisfied with the GH® as a place to live and a place to receive care, and had no negative effect on quality of care outcomes measured by the nursing home minimum data set (MDS) quality indicators as a result of the more resident-centered care model and their increased privacy and autonomy (Kane et al., 2007).

The GH® was conceptualized as a setting where family members would feel comfortable in visiting family members in their own private home-space, and in the community shared spaces. The families were meant to be welcomed into the GH® as visitors, as guests at meals, and as part of the small purposive communities created within each GH®. The elder assistants were expected to develop primary relationships with residents' family members. The study reported here aimed to determine whether the nature of family assistance and family contacts differed for GH® families, and how families appraised their GH® experience in terms of their view of their resident's well-being and their own well-being as family members.

METHOD

Design

Because randomization was unfeasible, a quasi-experimental design was used; two comparison sites were identified: the sponsoring nursing home (Cedars) and another nursing home of the same non-profit owner on a similar campus in a Mississippi community about 90 miles away (Trinity). Data came from in-person interviews with residents, family members, and line staff members, and from abstraction of the nursing-home MDS (the standardized resident assessment that is completed annually for all nursing home residents and updated quarterly on key parameters) for times preceding and most proximate to in-person data collection. This report utilizes data from family members of residents, and the method and measures described here largely are, therefore, limited to the family interview component.

The two comparison groups, Cedars and Trinity, each have strengths and limitations, and both were used for a stronger

design. The Cedars group was susceptible to contamination by having a shared administration with the GH®, and was potentially influenced by the GH® planning and the ultimate goal of moving all residents to GH®s; this could have led to spin-off improvements in the Cedars group or poorer results at Cedars because of neglect of the traditional nursing home and concentration on the GH®. Although under the same ownership and experiencing similar local conditions, the two nursing homes differ in various ways. Built in 1995, Trinity is newer and smaller (65-beds) and has a small Medicare-certified unit (which was not included in the study). Cedars was built in 1975, had 140-licensed beds (120 of which were operating), had no Medicare certification, and had a 20-bed locked dementia unit. Both had adjoining assisted living settings. The nursing homes at Cedars and Trinity were both traditional in the sense that they were laid out with largely semiprivate rooms and typical units dominated by a nursing station. Both had interests in individualizing resident care. Cedars participated in Eden Alternative programs, and boasted a number of birds as pets. The non-Medicare Trinity comparison group was chosen as the best representation of the natural history of residents in a traditional nursing home setting in the same region and time period as the site of the GH® implementation. We hypothesized that family members in GH® would continue to assist their relatives, and (compared to the control settings) would be more engaged with the residents, would be more satisfied with the care of their relatives, would experience no greater family burden than in a traditional nursing home, and would perceive their own experience as family members more positively.

Sample

GH®

The GH® resident sample was comprised of the 40 people who were scheduled to move to the GH®s at baseline, and the current GH® census at each of the three followup periods—6, 12, and 18 months. All told, 53 GH® residents were eligible over the successive data collection periods, 52 of whom were in the sample. Ten of the GH® sample members died over the 18-month period and 2 were discharged. Seven of the new GH® residents moved from Cedars during the study and the remaining six moved either from the assisted living setting or the independent living setting on campus.

Cedars

During the study period, Cedars was run as a 120-bed nursing home so that the maximum census remaining at Cedars at any time was 80. At baseline, we sought a random sample of 40 residents, excluding residents who were comatose, vegetative, or in end-stage palliative care; 9 of the initial group approached declined to participate. In subsequent waves, in order to acquire as much baseline data as possible from residents who might later move to GH®s, we enlarged the Cedars sample with a goal of 70 per time period. The added sample at all followup waves was randomly selected. The final Cedars sample sizes were 67, 71, and 64 for the three followup waves, with refusals from 3, 0, and 1 persons, respectively. The only live discharges from Cedars were to GH®s, affecting 7 sample members; 22 of the Cedars sample members died at Cedars during the study period.

Trinity

Trinity had a capacity of 65 beds, 15 of which were in the Medicare unit. We sought a sample of 40 residents from the non-Medicare portion of Trinity, using the same exclusion criteria as at Cedars. The Trinity sample at the 3 followup waves was 39, 36, and 37 respectively; 66 people participated from Trinity; 18 sample members died over the 18 months and 4 were discharged alive, usually to relocate in facilities near their children.

Family Sample

We attempted to recruit a family member for each resident. With the help of the social worker, we identified all involved family members for residents, and when we had a choice, we selected the family member most involved with the resident's day-to-day life. Family members who had no contact with the resident at all were excluded from consideration. Table 1 describes our substantial success in identifying and recruiting family members from each setting at each wave. At the GH[®]s, we missed from one to three family member

interviews, always because no eligible family member could be found. At Trinity, we were 100 percent successful in performing a family interview for all residents until the final wave, when five family members refused the interview. At Cedars, we experienced a relatively high rate of missing or refusing family members at 12 months (7 of 71, 2 of which were due to refusals) and at 18 months (10 of 64, 6 of which were due to refusals). Cited reasons for declining to participate in later waves at either setting were practical scheduling differences, health issues of the family respondent, or getting tired of the repetition in the interviews—this last was especially true at Trinity, which was removed from the GH[®] intervention under study. For the most part, the same individual identified for the family sample at the first opportunity continued with the study until the last wave of data collection or the removal of the resident from the sample because of death or discharge. One or more changes in family respondent occurred for nine GH[®] residents, seven Cedars residents, and Trinity residents across the four data collection times. The most usual changes were among children or children-in-law of the

Table 1
Sample of Family Members by Settings and Wave of Interviews

| Setting | Baseline | | 6 Months | | 12 Months | | 18 Months | |
|------------------------------------|-----------|--------|-----------|--------|-----------|--------|-----------|--------|
| | Residence | Family | Residence | Family | Residence | Family | Residence | Family |
| Green Houses ^{®1} | 40 | 39 | 41 | 38 | 39 | 38 | 39 | 36 |
| Comparison 1, Cedars ² | 40 | 38 | 67 | 67 | 71 | 64 | 64 | 54 |
| Comparison 2, Trinity ³ | 40 | 40 | 39 | 39 | 36 | 36 | 37 | 32 |

¹ At baseline, there was one GH[®] sample member who had no identifiable family respondent, although at the 18 months time period, an involved family member for that resident was located. At Wave 2, 41 GH[®] residents were in the sample because in the elapsed time for data collection a resident was interviewed, discharged, and replaced by another. Other missing family member interviews are due to inability to identify eligible family members.

² At Cedars the missing family members at 12 months were mostly due to lack of eligible participants, although two family members refused. At 18 months, six of the missing interviews were due to refusals.

³ At Trinity, the five missing family members at Wave 4 were due to refusals, all from families that had participated at earlier waves.

SOURCE: Lum, T.Y., Kane, R.A., Cutler, L.J., and Yu, T-C., University of Minnesota, 2008.

resident in situations where multiple family members were involved with the resident. In one instance at Trinity, the original family respondent, a daughter of the resident died. At each time interval, we attempted to identify a family member (and often succeeded) even if no family interview had been done during the previous wave.

DATA COLLECTION

Data collectors were recruited for the project and received at least 40 hours of training for the various data collection procedures. Family interviews were done in-person, supplemented when needed by telephone data collection for all or part of an interview. Family baseline data were collected in the 2 to 3 weeks before any residents moved the GH[®]s. When that proved impossible, family baseline data were collected a few weeks after the resident moved to the GH[®] but all questions for the GH[®] sample members were anchored with the phrase "before you moved to the GH[®]."

Measures

Family Satisfaction with Resident's Care

Family satisfaction with the nursing home care and life was measured using 25 ratings developed for a national study of assisted living (Levin and Kane, 2006). Family members were asked to rate each aspect of nursing home care between 1 (the worst rating) and 5 (the best rating). A subsequent exploratory factor analysis grouped 22 of these 25 questions into 5 domains, namely general amenities, social environment, physical environment and privacy, autonomy, and health care. Each domain has between three and six items.

The general amenities, meals, and housekeeping domain was comprised of four rated items: a physical setting that was convenient for people with disabilities, high quality food and menus, the atmosphere and services at meal time, and the way house keeping was done (Cronbach's $\alpha=0.7516$) (Cronbach, 1951). The social environment domain was also composed of four rated items: the nursing home offered interesting things for residents to see and do, the nursing home helped with transportation, the nursing home provided access to religious program and counseling, and residents living here have things in common with my relative (Cronbach's $\alpha=0.6971$). The physical environment and privacy domain was comprised of three rated items: the nursing home provided privacy for the resident, the nursing home provided a comfortable and attractive room and bathroom, and the nursing home made it possible for residents to make use of kitchen or get food (Cronbach's $\alpha=0.7454$). The autonomy domain was composed of six rated items: resident say in the decoration and arrangement of his/her bedroom, resident say in how much or little care he/she got, resident say in who could come into room, resident ability to refuse care; staff members who know and like the resident; and residents liking the staff members (Cronbach's $\alpha = 0.8494$). The health care domain was composed of five ratings: access to professional nurses, access to physicians, ability to get help at night, help for taking medicine, and having the same people consistently providing help (Cronbach's $\alpha = 0.8294$). Summary scales were calculated for each domain with the theoretical score range varying from 5 to 15 (for privacy) to from 5 to 30 (for autonomy), depending on the number of items.

Family Experience

We constructed an appraisal of family experience as consumers in their own right. Based on literature, we selected seven items for respondents to rate: (1) nursing home communication with family members; (2) nursing home success in making nursing home a pleasant place for family to visit; (3) nursing homes making family members feel welcomed; (4) nursing homes allowing family members to provide the help they wanted to provide; (5) nursing homes not expecting family to provide help they do not want to provide; (6) staff answering questions that family member might have; and (7) the nursing homes inspiring confidence in the care resident received. Family members rated each of these items from 1 (worst) to 5 (best). A subsequent factor analysis found that these seven items fitted well into one single scale (Cronbach's alpha: 0.9176). This resulted in a seven-item scale with a possible score ranging from 7 to 35.

Family Assistance

Family assistance to the resident was measured by nine items, including: (1) taking resident out of nursing home for drives or activities; (2) doing shopping or errands for resident; (3) arranging health care or other appointments for resident; (4) helping resident with financial management; (5) doing laundry for residents at home or the nursing home; (6) helping residents get from place to place, including taking resident outside; (7) helping resident with grooming or dressing; (8) helping resident use the toilet; and (9) getting involved in the life of nursing home and assisting with programming. Family members rated each item from 6 (everyday) to 1 (not at all in the last 3 months) based on

the level of assistance they provided in the last 3 months.

Family Burden

We measured the subjective and objective burden by using an adaptation of the Montgomery, Stull, and Borgatta (1985) burden scales. Objective burden is measured by respondents rating the effect family caregiving had on 9 items (time to yourself, privacy, money to meet expenses, personal freedom, energy, time spent in social and recreational activity, vacations and trips, time spent with other family members, and your own health). Subjective burden is measured by disagreement or agreement with 13 statements that tap emotional distress or positive emotions related to caregiving, such as "It is painful for me to watch my _ age; I feel strained in my relationship with my _; I feel nervous and depressed about my relationship with my _; I feel useful in my relationship with my _; I feel I am contributing to the well-being of my _." Summative scales were created with a higher score signifying greater perceived caregiver burden.

Global Satisfaction

We measured the global satisfaction of family members by three separate items: satisfaction with the nursing home as a place to live, and as a place to receive care (both on a 4-point scale from very satisfied to very dissatisfied), and likelihood of recommending the setting to others (on a 4-point scale from very likely to very unlikely).

Contacts

Family members reported frequency of visits and phone conversations in the

6 months before the interview using the following response set: everyday, more than once a week, about weekly, less than weekly but more than once a month, about once a month, or not at all. There were no differences in either in-person or telephone contact across study groups at baseline. The in-person visit frequency was used in the analyses.

Demographics and Functional Status

Also included in the data set was the sex of the family member, the type of relationship with the resident (i.e., spouse; adult child or child-in law, siblings, grandchildren and other [e.g., nieces and nephews, cousins]).

For case mix adjustment, activity of daily living (ADL) (bed mobility, eating, transferring, and toileting) and cognitive functioning were extracted from residents' MDS data, and calculated using methods developed by Morris and colleagues (1999; 1994; 1997).

Qualitative Views

At baseline all family members were asked if they knew what a GH[®] is and an open-ended question about their understanding of that concept. At each followup period, families, residents, and frontline staff at the GH[®]s and comparison settings were asked a number of open-ended questions about what they liked and disliked about the GH[®] (or their nursing home) and about their reactions to specific aspects of the program, such as meals, housekeeping and laundry, physical care, activities, and their room and bathroom. For the purposes of this article, we supplement the quantitative data with analysis of the qualitative responses from GH[®] families on their perspective on GH[®] at baseline and their followup responses to the two most general

questions: (1) As a family member, what do you like best about your ___'s current living situation and the help he/she gets in the GH[®] (in this nursing home)? (2) What do you like least about your ___'s current living situation and the help he/she gets in the GH[®] (in this nursing home)? Finally as part of the GH[®] case study, we made systematic observations at different times of day in each house, and noted, among other things, the presence and activities of outside visitors.

Analysis

The Stata Version 9 program was used for all data analyses (StataCorp LP, 2005). Selection effects were examined by comparing baseline characteristics in both independent and dependent variables for sampled family members of residents who went to the GH[®], remained at Cedars, or were in Trinity. Outcomes were analyzed with multivariate panel regression analyses using the random-effects Tobit regression models (Maddala, 1987) or random-effects ordered Probit models (Frechette, 2001), the choice based on the specific analysis. These analyses used data from all three followup periods over 18 months, with waves of data collection accounted for by dummy variables. The main independent variable was the resident's status as a GH[®], Cedars, or Trinity resident at the time of data collection. Data from the baseline were used only to check for selection effects. All analyses for family satisfaction, family involvement and overall satisfaction were controlled for wave of data collection, sex of family member, ADL and cognitive functioning of resident, sex of resident, and relationship with resident. Since we have repeated observations per individual and they were organized in three nursing homes, the random effects models allowed us to generate better parameter estimates

by taking account of the repetition and control for the random individual differences. We used random-effects Tobit regressions (Maddala, 1987) to estimate the effects of GH[®] intervention on family help, family satisfaction, and family experience, as we found from our preliminary data analysis that there are ceiling effects on these variables. We used the random effects ordered Probit regressions (Frechette, 2001) to estimate the effects of GH[®] intervention on the global satisfaction rating as these variables are ordinal.

FINDINGS

Description of Sample

Table 2 shows the characteristics of the sample at baseline. The table shows the *p*-values for the bi-variate statistical tests between GH[®] and Cedars samples and the *p*-values for bi-variate statistical tests

between GH[®] and Trinity samples. In all settings, more than three-quarters of the family respondents were female and over one-half were adult children or daughters-in-law; at Trinity, the proportion of respondents who were children increased to 72 percent. The measure of frequency of in-person visits in the previous 6 months or since the resident's admission was measured on a 7-point scale with 7 being daily and 1, not at all. The mean visit score for respondents was very similar at each setting, averaging between 4 (less than weekly) and 5 (weekly) with a standard deviation that reflected that some residents had very frequent contact from the respondents. The only significant baseline difference was in the cognitive performance scale, with the Cedars residents in the sample more cognitively impaired than GH[®] or Trinity. Although the entire locked dementia special care unit (SCU) unit moved to the GH[®] and newly admitted persons with

Table 2
Characteristics of Family Members at Baseline in Green House (GH[®]), Cedars, and Trinity

| | GH Mean(SD) | Cedar Mean(SD) | <i>p</i> -value | Trinity Mean(SD) | <i>p</i> -value |
|---|----------------|-------------------|-----------------|---------------------|-----------------|
| Sample Size | 39 | 38 | — | 40 | — |
| Relationship (Percent) ⁴ | — | — | 0.701 | — | — |
| Spouse | 10.3 | 10.5 | — | 10.0 | — |
| Children | 56.4 | 57.9 | — | 72.5 | — |
| Grandchildren | 5.1 | 7.9 | — | 2.5 | — |
| Sibling | 18 | 7.9 | — | 0 | — |
| Others | 10.3 | 15.8 | — | 15.0 | 0.07 |
| Female (Percent) | 71.8 | 79.0 | 0.467 | 70.0 | 0.861 |
| Visit Frequency ¹ | 4.7 (1.0) | 4.6 (1.1) | 0.665 | 4.4 (1.3) | 0.259 |
| Resident | | | | | |
| Female (Percent) | 79.5 | 87.5 | 0.328 | 75.0 | 0.482 |
| ADL ² (0-16, a Higher Score Means More Difficulties) | 7.1 (5.7) | 8.6 (5.9) | 0.259 | 8.4 (5.8) | 0.333 |
| Cognitive Performance ³ | 2.8 (1.9) | 3.7 (1.4)* | 0.024 | 3.2 (1.7) | 0.299 |

¹ Possible score between 1 (not at all) and 6 (everyday).

² Possible score between 0 and 16, a higher score means more difficulties.

³ Possible score between 0 and 6, a higher score means greater cognitive impairment.

⁴ Chi-square statistics were used to test difference in relationship category by setting.

SOURCE: Lum, T.Y., Kane, R.A., Cutler, L.J., and Yu, T-C., University of Minnesota, 2008.

Table 3

Differences in Family Assistance, Family Satisfaction, Family Experience and Global Satisfaction Across Green House (GH®), Cedars, and Trinity at Baseline Interview

| | GH® | Cedar | | Trinity | |
|---|------------|------------|---------|--------------|---------|
| | Mean (SD) | Mean (SD) | p-value | Mean (SD) | p-value |
| Family Assistance¹ | | | | | |
| Outside Activity | 1.9 (1.4) | 1.5 (1.1) | 0.123 | 1.6 (0.9) | 0.218 |
| Shopping for Errands | 3.2 (1.3) | 2.6 (1.4) | 0.088 | 2.9 (1.4) | 0.319 |
| Arranging Health Care | 1.4 (0.5) | 1.4 (0.8) | 0.948 | 1.5 (0.8) | 0.543 |
| Financial Management | 3.2 (1.8) | 2.9 (1.9) | 0.471 | 3.1 (1.6) | 0.785 |
| Laundry | 2.4 (1.6) | 2.6 (2.0) | 0.632 | 1.6 (1.2)* | 0.021 |
| Get from Place to Place | 3.3 (1.7) | 2.9 (1.7) | 0.294 | 2.7 (1.4) | 0.078 |
| Grooming or Dressing | 2.4 (1.6) | 2.6 (1.7) | 0.564 | 2.3 (1.6) | 0.765 |
| Toilet | 1.6 (1.4) | 1.5 (1.3) | 0.835 | 1.3 (0.7) | 0.164 |
| Involved in Life of the NH | 1.7 (1.3) | 1.2 (0.8) | 0.056 | 1.9 (1.2) | 0.572 |
| Overall Family Involvement | 21.2 (6.9) | 19.3 (7.6) | 0.271 | 18.9 (6.0) | 0.118 |
| Family Satisfaction² | | | | | |
| General Amenities, Meals and Housekeeping | 19.5 (3.9) | 20.2 (3.4) | 0.389 | 20.8 (3.3) | 0.117 |
| Social Environment | 15.9 (3.7) | 15.7 (2.5) | 0.75 | 17.7 (2.1)* | 0.016 |
| Physical Environment and Privacy | 10.6 (3.4) | 10.7 (2.6) | 0.861 | 12.6 (2.2)** | 0.003 |
| Autonomy | 24.2 (4.4) | 24.2 (4.6) | 0.941 | 26.7 (3.9)* | 0.015 |
| Health Care | 22.0 (5.7) | 21.7 (4.4) | 0.815 | 24.8 (3.6) | 0.054 |
| Family Experience³ | | | | | |
| Family Burden | 30.2 (5.3) | 30.7 (4.9) | 0.666 | 33.3 (3.2)** | 0.002 |
| Objective Burden | 25.6 (6.6) | 25.2 (5.7) | 0.818 | 25.3 (7.3) | 0.841 |
| Subjective burden | 25.2 (6.1) | 26.8 (6.7) | 0.319 | 26.0 (8.3) | 0.602 |
| Global Satisfaction⁴ | | | | | |
| With NH as Place to Live | 3.5 (0.7) | 3.6 (0.6) | 0.519 | 3.9 (0.3)*** | 0 |
| With NN as Place for Care | 3.5 (0.6) | 3.6 (0.5) | 0.907 | 3.9 (0.4)*** | 0.006 |
| Likelihood to Recommend | 3.7 (0.7) | 3.6 (0.6) | 0.667 | 3.9 (0.3)* | 0.033 |

* $p < 0.05$.** $p < 0.01$.*** $p < 0.001$.¹ Each family help item is measured on a 6-point scale. Overall family help is the sum of the nine items with a higher score meaning more family help.² The number of items for the domain scales were: General Amenities (four items), Social Environment (four items), Physical Environment (three items), Autonomy (six items), and Health Care (five items). Each item is rated on a 5-point scale and a higher score means a more positive rating.³ The Family Experience ratings use seven items, each rated on a 5-point scale from worst to best. The summative scale range is 7 to 35 with a higher score meaning a higher experience.⁴ Each family member rated the nursing home as a place to live, and as a place to give care, and also indicated how likely they would be to recommend the facility to someone else. Each item was measured on a 4-point scale.

NOTE: NH is nursing home. SD is standard deviation.

SOURCE: Lum, T.Y., Kane, R.A., Cutler, L.J., and Yu, T-C., University of Minnesota, 2008.

cognitive problems and behavior disturbances also tended to be admitted to the dementia GH®s, Cedars had a high complement of residents with advanced dementia who were not in the SCU.

Table 3 shows the differences in family assistance, family satisfaction with resident care, family experience, family burden, and

global satisfaction scores across the sample that later went to the GH®, the sample that remained at Cedars, and the sample from Trinity at the baseline interview. There was no statistically significant difference between GH® and Cedars in any of these outcome measures in the baselines. However, there were eight statistically

significant differences between GH® and Trinity: GH® family members were more involved in assisting residents with laundry than Trinity family members. Trinity family members were more satisfied with (1) the social environment, (2) physical environment and privacy, and (3) autonomy than GH® family members, and reported a better family experience and higher global satisfactions in all three global satisfaction measures. Also, there was no statistically

significant difference in objective and subjective family burden.

Effects on Family Involvement

Table 4 shows the results of random-effects Tobit regressions (Maddala, 1987) on family involvement variables. There were two statistically significant differences between Cedars and GH® family members in family involvement: GH® family

Table 4
Results of Regression Analyses on Family Assistance, Family Satisfaction, Family Experience, and Global Satisfaction in Wave 2 to 4

| | Cedars Coefficient (S.E.) | z-Value | Trinity Coefficient (S.E.) | z-Value |
|---|------------------------------|---------|-------------------------------|---------|
| Family Assistance¹ | | | | |
| Outside Activity | -0.04 (0.32) | -0.12 | -0.28 (0.37) | -0.74 |
| Shopping for Errands | 0.15 (0.20) | 0.76 | 0.49 (0.23)* | 2.10 |
| Arranging Health Care | 0.11 (0.35) | 0.31 | 0.81 (0.39)* | 2.09 |
| Financial Management | 0.60 (0.38) | 1.57 | 0.99 (0.44)* | 2.23 |
| Laundry | 3.10 (0.69)*** | 4.53 | 2.02 (0.79)* | 2.55 |
| Get from Place to Place | 0.18 (0.35) | 0.52 | 0.31 (0.41) | 0.76 |
| Grooming or Dressing | 0.13 (0.56) | 0.23 | -0.58 (0.64) | -0.90 |
| Toilet | 0.53 (0.91) | 0.58 | -0.25 (1.06) | -0.23 |
| Helps with Nursing Home Program | 0.38 (0.41) | 0.36 | 0.28 (0.47) | 0.56 |
| Overall Family Assistance | 2.13 (1.07)* | 2.00 | 1.52 (1.22) | 1.24 |
| Family Satisfaction¹ | | | | |
| General Amenities, Meals, and Housekeeping | -5.03 (1.10)*** | -4.58 | -2.39 (1.25) | -1.92 |
| Social Environment | -0.79 (0.61) | -1.29 | 0.66 (0.72) | 0.92 |
| Physical Environment and Privacy | -5.22 (0.57)*** | -9.15 | -2.95 (0.65)*** | -4.54 |
| Autonomy | -3.78 (0.92)*** | -4.08 | -3.38 (1.09)** | -3.09 |
| Health Care | -6.67 (1.12)*** | -5.98 | -2.92 (1.27)* | -2.30 |
| Family Experience | -4.43 (1.06)*** | -4.19 | -1.83 (1.22) | -1.49 |
| Family Burden¹ | | | | |
| Objective Burden | 1.65 (1.06) | 1.57 | 1.78 (1.22) | 1.46 |
| Subjective Burden | 1.56 (1.13) | 1.38 | 0.45 (1.33) | 0.34 |
| Global Ratings¹ | | | | |
| Place to Live | -1.74 (0.45)*** | -3.83 | -0.50 (0.49) | -1.02 |
| Place to Get Care | -1.50 (0.42)*** | -3.53 | -0.54 (0.47) | -1.14 |
| Recommend | -2.38 (0.64)*** | -3.71 | -0.80 (0.68) | -1.17 |

* $p < 0.05$.

** $p < 0.01$.

*** $p < 0.001$.

¹ The analysis was done with (1) random-effects Tobit (Maddala, G.S.: Limited Dependent Variable Models Using Panel Data. *The Journal of Human Resources* 22(3): 307-338, 1987) or (2) random-effects ordered probit (Frechette, G.: Random-Effects Ordered Probit. *STATA Technical Bulletin*: StataCorp LP, 2001) regression using the Green House® residents as the reference group. Analyses are controlled for wave of data collection, sex of family member, activities of daily living of residents, cognitive performance of resident, sex of resident, and relationship between family member and resident.

SOURCE: Lum, T.Y., Kane, R.A., Cutler, L.J., and Yu, T-C., University of Minnesota, 2008.

members were less involved in helping laundry for the residents than Cedar family members, and GH® families had a lower overall family assistance score than Cedars family members. Compared with Trinity family members, GH® family members were less involved in some specific tasks, such as shopping for errands, arranging health care, financial management, and laundry. However, there was no statistically significant difference between GH® and Trinity in the overall family involvement score.

Effects on Family Outcomes

Table 4 also shows the results of random-effects Tobit regressions (Maddala, 1987) on family satisfaction variables and random-effects ordered Probit regressions on global satisfaction ratings (Frechette, 2001). Compared with Cedars family members, GH® family members reported higher satisfaction in 4 out of the 5 satisfaction subscales: general amenities, meals, and housekeeping; physical environment and privacy; autonomy; and health care. GH® family members also reported higher satisfaction in 3 out of the 5 satisfaction subscales than Trinity family members: physical environment and privacy, autonomy, and health care. Compared with Cedars family members, GH® family members reported higher global satisfactions on all three global rating items. There was no statistically significant difference between GH® and Trinity family members in these global satisfaction ratings.

Qualitative Observations

At baseline, the 37 family members whose relatives were going to move to the GH® has some awareness of the concept of GH®, and all but 2 offered some discussion of what they thought a GH® would

offer. Twenty-seven elaborated on the idea that the GH® would be a home rather than an institution. Typical responses: "It will seem more like home for him," "It's a home-type atmosphere away from institutional effects," or "It's as close to home as we will ever get." One spouse who visited his wife daily at Cedars said at baseline: "We are looking forward to going to a home setting. Nobody wants to live in this setting, especially at this age, so we are looking forward to going to our home." Eight respondents commented on the small scale and the advantages of private rooms and bathrooms. Ten family members elaborated on their understanding of an improved staff model—some said that staff would be more consistently assigned, or be more attentive. A few of those comments had elements of worry—one respondent was concerned about "...only 2 people in charge of the whole house."

Table 5 categorizes responses of GH® families to selected qualitative questions at each followup time period. At 6 months, family members tended to be enthusiastic in their open-ended responses. Asked what they liked best, many said "Everything!," but went on to specify positive aspects. The most common praise was the setting and program is like home, or it is home, and/or it is not institutional and like a nursing home. Many liked the individualized approach and kind, living attitudes of the CNAs, and many appreciated that a small core of permanent staff served the GH® so that they got to know the residents, and family members could also get to know the staff. Other things liked best included the private rooms, and the greater empowerment or freedom of the residents. Some family members mentioned that they personally liked to visit, and that they themselves could help their resident or help in the kitchen if they wanted to do so. These positive elements remained salient at 12

Table 5

Qualitative Findings from Interviews of Family Members of Green House (GH®) Residents

| Item | 6-Month Followup | 12-Month Followup | 18-Month Followup |
|--|------------------|-------------------|-------------------|
| Likes Best about the GH®¹ | | Percent | |
| Homelike, Not an Institution | 45 | 29 | 31 |
| Staff Friendly, Caring, Responsive, Close-Knit Family | 24 | 18 | 19 |
| Good Care | 21 | 34 | 33 |
| Room to Self, Bring Own Things, Privacy | 18 | 18 | 25 |
| 1-1 Staff Attention, Consistent Staff | 11 | 2 | 1 |
| Visiting is Pleasant, Family Welcome | 8 | 5 | 1 |
| Resident Can Make Decisions, Has Control, Feels Useful, Sets Routines | 8 | 13 | 1 |
| Likes Overall Layout and Design | 8 | 7 | 1 |
| Food | 1 | — | 1 |
| Family Feels Confident and Secure about the Care | — | — | 1 |
| Resident is Happy | — | 11 | 3 |
| Likes Least about the GH®¹ | | | |
| Can't Think of Anything, No Least, Like it All | 47 | 69 | 58 |
| Not Enough Line Staff in House, Line Staff too Isolated, Other Concerns Regarding Line Staff | 21 | 5 | 5 |
| No Nurse in Building, Nursing Care | 11 | 2 | — |
| Not Enough Organized Activity | 11 | 5 | 1 |
| Not Enough Parking | 2 | 2 | 1 |
| Other Specific Complaint ² | 8 | 14 | 14 ² |
| Communication with Family | — | 5 | — |

¹ Percentages add to more than 100 percent because every component of answer was coded for each respondent.

² At 6 months, one respondent mentioned each of the following: relative could not get bananas; relative needs covered outdoor space to smoke; housekeeping in room not up to her standard; temperature too cold; and relative needs to be outside more; at 12 months, one respondent mentioned each of the following: irregular doctor's visits; clothes not put away in organized fashion; no storage area; she is cold; and parking for ambulance is inadequate; at 18 months 1 respondent mentioned each of the following: the temperature is too cold; lack of public bathroom; doctors do not come enough; there should be a dietician; and father is only male in building.

SOURCE: Lum, T.Y., Kane, R.A., Cutler, L.J., and Yu, T-C., University of Minnesota, 2008.

and 18 months, though at those later dates a larger proportion mentioned good care, their own sense of confidence and security, and that the resident was happy. At all time intervals, substantial proportions of family members could cite nothing they disliked about the new model. Some felt that two CNAs were not enough to handle things if there were an emergency, even though many recognized that the ratio of CNAs and registered nurses to residents was higher than it had been at Cedars. Similarly a common concern was that no nurse was located at all times in the building; some acknowledged they knew a nurse was in close range, but liked the thought that a nurse was in the building.

By the last wave of data collection, these concerns had diminished in importance. Concerns about lack of activities, including religious activities, remained for some family members at the 18-month interval, but for the most part the thing liked least was something very specific to that family member and resident, or nothing at all.

During field observations, we noted many family members who almost became fixtures at the GH®s. In one GH®, a spouse of a severely physically disabled resident with a degenerative disease attended almost every evening meal and added to the life of the GH®. Family members were often observed taking refreshments with their resident relatives or staff members.

At the two houses for dementia, visits from family tended to occur in the shared spaces, whereas in the other two GH[®]s, visitors largely sought the privacy of residents' rooms except for the shared meals. We observed many instances of cordial rapport among elder assistants, residents, and family. We learned of one example where staff had difficulty managing what they saw as excessive involvement from family (a much younger wife with nursing background becoming heavily involved in direct care, a grandson too frequently staying overnight, and relatives too frequently staying for meals and bringing food home). Perhaps these problems could have been more effectively resolved with more skill from the elder assistants and greater coaching from social work. The progenitors of the model hoped that relatives would stay for meals and sometimes stay overnight, but this example was perceived as bordering on exploitative. All other examples and anecdotes that we have amassed regarding families in the GH[®] during the period of study are positive. A full description of qualitative findings, gleaned from detailed, longitudinal post-occupancy evaluation studies (Cutler and Kane, in press) and from open-ended questions included in questionnaires is beyond the scope of this article.

DISCUSSION

Summary

Family members of residents who went to the GH[®]s were more engaged overall in the residents' care than families of residents remaining in Cedars, despite that family members at the GH[®]s gave less help with laundry than at the other settings. Qualitative interviews showed that family members who had previously done their resident's laundry due to loss or ruining

of garments were pleased to have the laundry done by resident assistants given that the personal laundry was done locally, in resident-specific batches, and carefully.

The GH[®]s had significantly better outcomes than Cedars in four of the five family satisfaction domains, in family experience, and in all global satisfaction items. Compared to Trinity, which had better baseline family measures than Cedars, the GH[®] families rated the facility higher on three of the five satisfaction domains, with the greater differences being found for privacy and the physical environment and autonomy, two areas the GH[®] especially was meant to impact. The GH[®] was also more positive than Trinity on the general amenities, meals, and housekeeping domain and on the family experience scale, but these differences were not statistically significant. The changed family experience at the GH[®] was not associated with any increased family perceptions of burden. In summary, the GH[®] achieved much better results for family members than Cedars, the sponsoring nursing home, and also achieved some more positive results compared to Trinity, a facility that exhibited high satisfaction at baseline.

The study has some limitations. First, it relied on information from and about a single family member. In fact, we noted in the observational parts of our study that multiple family members were involved with a single resident, including some who had not visited previously because they found the nursing homes depressing; but our study could pick up only the contacts with and reactions of the family member deemed primary informal caregiver. Also, this study was conducted during a time when enormous national attention was lavished on the GH[®]s. Local and national visiting deputations were frequent, and GH[®] residents and their families appeared in a number of videos and

newspaper articles. This kind of attention had the potential to have an independent effect on the well-being of residents and the enthusiasm of families. We believe this Hawthorne (Landsberger, 1958) effect is not likely given that the positive reactions continued through the last time period, but even longer followups are necessary to see if the results are sustained. The numbers in the GH® were too small to permit us to do separate analyses of outcomes for family members present at all data collection waves or other subgroup analyses based on, for example, type of relationship of the family member to the resident.

Implications

The GH® represented a dramatic change for family members in ways that might have challenged their prior views of a safe and appropriate nursing home experience which could have increased their anxieties for their residents. The positive results suggest that families are likely to be favorable to the kind of culture change represented by the GH®s. The improved scores in the satisfaction domains suggest that families appreciated increased autonomy for their residents, approved of the enhanced privacy and physical environments, perceived that general amenities including meals and housekeeping were better (compared to Cedars only), and that the changed power structure and the new CNA roles at the GH® led to a perception that health care services were also more available and responsive compared to both settings.

The only satisfaction domain that did not show improvement due to the GH® is the social environment subscale, comprised of items that included interesting things to do, availability of transportation to leave the facility, religious observances, and other residents having things in common with the family respondent's relative.

This provides some guidance to the GH®s as they move forward. In qualitative work on the implementation of the GH®, we noted that the elder assistants were not uniformly effective in implementing the aspect of their role that required that they organize individualized activities for GH® residents, and that they act to facilitate friendships among residents (Kane and Cutler, 2008). The elder assistants had a great many elements of the model to implement simultaneously including the application of culinary skills and working within house-specific self-directed work teams. They had a great deal of additional training for their new responsibilities, but, in retrospect, they received insufficient training and reinforcement on communication and social well-being. In the postoccupancy evaluation, we noted that no particular efforts were made to conduct religious services on Sundays or to facilitate residents to attend outside churches or services at the main facility—a surprising omission in a population that tended to be religious (Cutler and Kane, in press).

The GH® model already proved measurably effective for resident quality of life and satisfaction (Kane et al., 2007). This study shows its effectiveness for family members, who are consumers in their own right, and who affect resident well-being if the model enhances family relationships and encourages family engagement with residents. For GH®s and the more generic small-house nursing homes (Rabig and Rabig, 2008) to be maximally successful in improving resident psychological and social well-being, the roles of leaders most responsible for psychosocial well-being need to be adapted to the small-house models.

As stated at the outset, family members are important arbiters of whether changes in nursing home life will prove acceptable, and they in turn, by their presence and support, contribute to the quality of life for

residents. These findings provide some clues to the concerns family members have initially about a dramatically changed staffing patterns and a more normalized lifestyle. Social services staff and other staff could have a role in identifying these concerns, alleviating any misapprehensions, and acting on those issues that have validity. Family members are the eyes and ears of the facility, and can identify issues, for example, in housekeeping, or in some staff attitudes, that are problematic.

In this particular experiment, the implementation of GH® focused intensively on developing protocols for the new buildings, the cooking, the new reporting arrangements, and the broadened role of CNAs. The social services and activities directors, and for that matter, the director of nurses, were not heavily involved in getting the four GH®s launched. However, it is clear that the roles for social services would and should change and expand under this model, and that the roles for activities personnel would also need to change. Social workers could have an important role in training and assisting elder assistants to work out individualized life plans on behalf of residents, and could show staff how to enhance communication skills with residents and family members. The GH®s relieve social workers of the frustrations of working with roommate incompatibilities, but the social worker could enhance the way new residents fit into a GH® group, and at times may need to negotiate changes of venue. (In this study, one family member liked least that her relative was the only male in the GH®.)

Activities personnel especially need to adapt their roles to facilitate social well-being through individual and group activities. The elder assistants, with advice and support from activities professionals, could be expected to facilitate meaningful solo and group activities within the GH®

settings. However, participation in outside activities will depend on the efforts of activities personnel and volunteers because elder assistants are necessarily tied to their assigned GH®s by the demands of caring for any individuals who are ill or unable to leave and by cooking responsibilities. We expect creative models for activity directors to emerge with new iterations of the GH®s. Since we completed this study, Cedars nursing home has opened six more GH®s, and now has only 28 licensed beds in the parent facility, which at this time are being used as an admissions unit and for a newly certified Medicare-funded rehabilitation program. With GH®s dominating the provision of services, the need for retailoring roles for social workers, activities personnel, and chaplains becomes even more imperative.

The literature reviewed at the outset suggested that families sometimes find nursing home visits awkward and depressing. The pleasantness and normality of residents' private spaces and the shared indoor and outdoor spaces in the GH® helps alleviate that problem. It is possible that some of the difficulties in interactions stems from the fact that family members see their relatives as residing in a hospital-like milieu, preoccupied with their health, and removed from everyday life and interests. The small-house model studied here has potential to engage residents in mainstream activities and interests that can be shared with family members of all ages. Future studies should explore that dynamic and the ways that psychosocial staff can work to increase the natural nature of the settings.

REFERENCES

- Bowers, B. J.: Family Perceptions of Care in Nursing Homes. *The Gerontologist* 28 (3): 361-68, June 1988.
- Call, K. T., Finch, M. A., Huck, S. M., et al.: Caregiver Burden from a Social Exchange Perspective: Caring

- for Older People Following Hospital Discharge. *Journal of Marriage and the Family* 61: 688-699, August 1999.
- Cronbach, L.J.: Coefficient Alpha and the Internal Structure of Tests. *Psychometrika* 16(3):297-334, 1951.
- Cutler, L. J. and Kane, R. A.: Post-Occupancy Evaluation of a Transformed Nursing Home: The First Four Green Houses. *Journal of Housing and Aging* In press.
- Frechette, G.: Random-effects Ordered Probit. *STATA Technical Bulletin*: StataCorp LP, 2001.
- Friedemann, M.L., Montgomery, R. J., Mailberger, G., et al.: Family Involvement in the Nursing Home: Family-Oriented Practices and Staff-Family Relationships. *Research in Nursing and Health* 20 (6):527-537, December 1998.
- Gaugler, J. E., Kane, R. L., and Kane, R. A.: Family Care for Older Adults with Disabilities: Towards More Targeted and Interpretable Research. *International Journal of Aging and Human Development* 54 (3):205-231, Fall 2002.
- Gaugler, J.E. and Kane, R. L.: Families and Assisted Living. *The Gerontologist* 47 (Special Issue 3):83-99, December 2007.
- Kane, R.A.: *Assisted Living as Long-Term Care Option: Transition, Continuity, and Community*. Assisted Living Research Institute (Report from a Project funded by AARP Andrus Foundation). May 2004.
- Kane, R.A. and Cutler, L. J.: *Sustainability and Expansion of Small-house Nursing Homes: Lessons from the Green Houses® in Tupelo, MS*. Report Submitted to the Commonwealth Fund, September 2008. Internet address: <http://www.hpm.umn.edu/ltcresourcecenter/research/greenhouse/attachments/GreenHouseSustainabilityandExpansionSeptember2008.pdf>. (Accessed 2008.)
- Kane, R.A., Lum, T., Cutler, L. J., et al.: Resident Outcomes in Small-Group-Home Nursing Homes: A Longitudinal Evaluation of the Initial Green House Program. *Journal of the American Geriatrics Society* 55 (6): 832-839, June 2007. Internet address: <http://www.hpm.umn.edu/ltcresourcecenter/research/greenhouse/attachments/GreenHouseResidentOutcomespaper.pdf>. (Accessed 2008.)
- Kane, R.A., Reinardy, J., Penrod, J.D., et al.: After the Hospitalization is Over: A Different Perspective on Family Care of Older People. *Journal of Gerontological Social Work* 31 (1/2):119-142, April 1999.
- Landsberger, H.A.: *Hawthorne Revisited*. Cornell University. Ithaca, NY. 1958
- Levin, C. A. and Kane, R. A.: Resident and Family Perspectives on Assisted Living. *Journal of Aging and Social Policy* 18 (3-4): 171-190, November 2006.
- Maddala G.S.: Limited Dependent Variable Models Using Panel Data. *The Journal of Human Resources* 22(3): 307-338, 1987.
- Montgomery, R. J. V., Stull, D. E., and Borgatta, E. F.: Measurement and the Analysis of Burden. *Research on Aging* 7: 137-152, 1985.
- Morris, J. N., Fries, B. E., Mehr, D. R., et al.: MDS Cognitive Performance Scale. *Journal of Gerontology: Medical Sciences* 49(4): M174-M182, 1994.
- Morris J.N., Fries B.E., and Morris S.A.: Scaling ADLs within the MDS. *Journal of Gerontology: Medical Sciences* 54(11):M546-M53, 1999.
- Morris, J. and Morris, S.: ADL Assessment Measures for Use with Frail Elders. *Journal of Mental Health and Aging* 3(1): 19-45, 1997.
- Rabig, J: The Effects of Empowered Work Teams in the Green House Project. In Yeatts, D.E., Cready, C. M., and Noelker, L. S. (eds.): *Empowered Work Teams in Long-Term Care*. Health Professions Press. Baltimore, MD. 2008.
- Rabig, J. and Rabig, D.: From 'Nursing Home' to 'Home': The Small House Movement. *Long-Term Living* 57(3):12-16, March 2008.
- Rabig, J., Thomas, W., Kane, R.A., et al.: Radical Re-Design of Nursing Homes: Applying the Green House Concept in Tupelo, MS. *The Gerontologist* 46 (4): 543-539, August 2006. Internet address: <http://www.hpm.umn.edu/ltcresourcecenter/research/greenhouse/attachments/GreenHousePracticeConceptDescription.pdf> (Accessed 2008.)
- Reinardy, J. and Kane, R.A.: Anatomy of a Choice: Deciding on Assisted Living or Nursing Home Care in Oregon. *The Journal of Applied Gerontology* 22(1): 152-174, March 2003.
- Reinardy, J. and Kane R.A.: Choosing an Adult Foster Home or a Nursing Home: Residents' Perceptions about Decision Making and Control. *Social Work* 44(6): 571-585, November 1999.
- StataCorp LP: *Stata Statistical Software: Release 9*. College Station, TX. 2005.
- Thomas, W. H.: *What Are Old People For? How Elders Will Save the World*. VanderWyk & Burnham. Acton, MA. 2004.
- Weiner, A. S. and Ronch, J. L. (eds.): *Culture Change in Long-Term Care*. Haworth Press. New York, NY. 2003.

Reprint Requests: Terry Y. Lum, M.S.W., Ph.D., University of Minnesota, 105 Peters Hall, 1404 Gortner Avenue, Saint Paul, MN 55108. E-mail: tlum@umn.edu

Attachment Section A-6B-1a-d

Plot Plan for Project Site

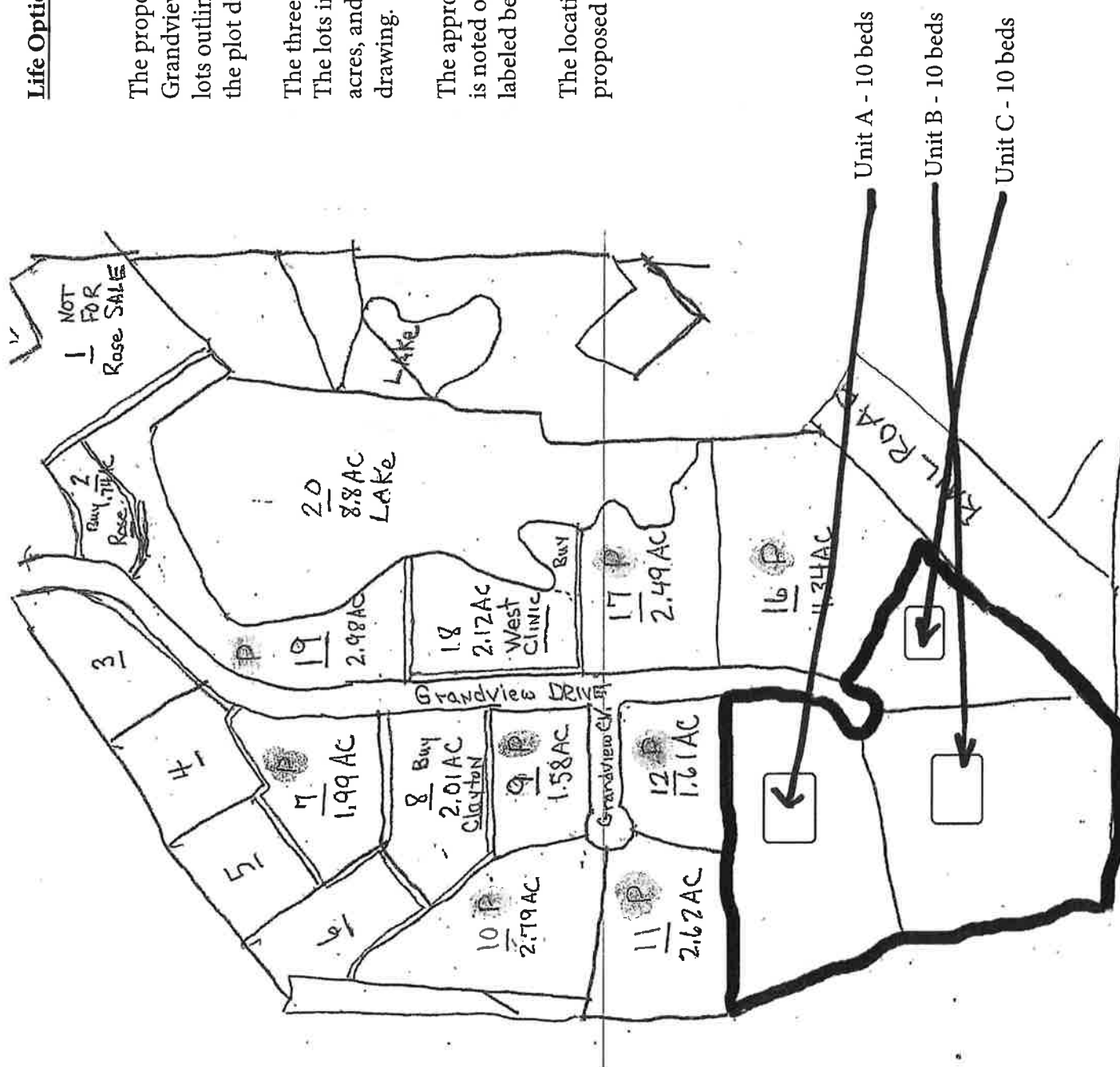
Life Options of West TN - Simplified Plot Plan

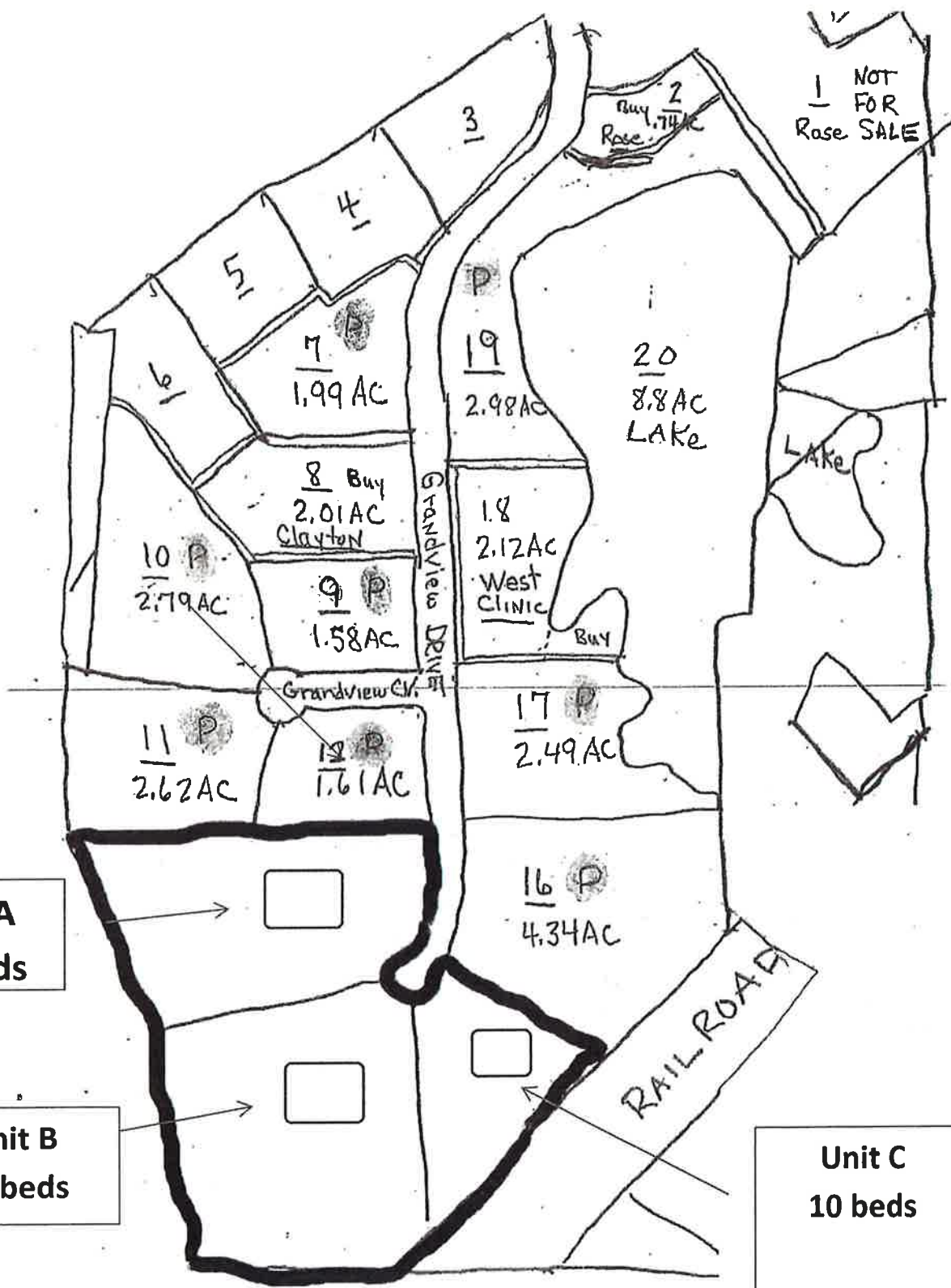
The proposed project site is located at the end of Grandview Drive, and is indicated by the three (3) lots outlined in heavy black line at the bottom left of the plot drawing.

The three lots comprise a total footprint of 14.1 acres. The lots individually are respectively 2.5 acres, 7.21 acres, and 4.39 acres, moving counter-clockwise on the drawing.

The approximate position of each of the three buildings is noted on the plot map by a rounded box, and is labeled below with an arrow.

¹¹ The location of the proposed construction is where the proposed buildings are located.

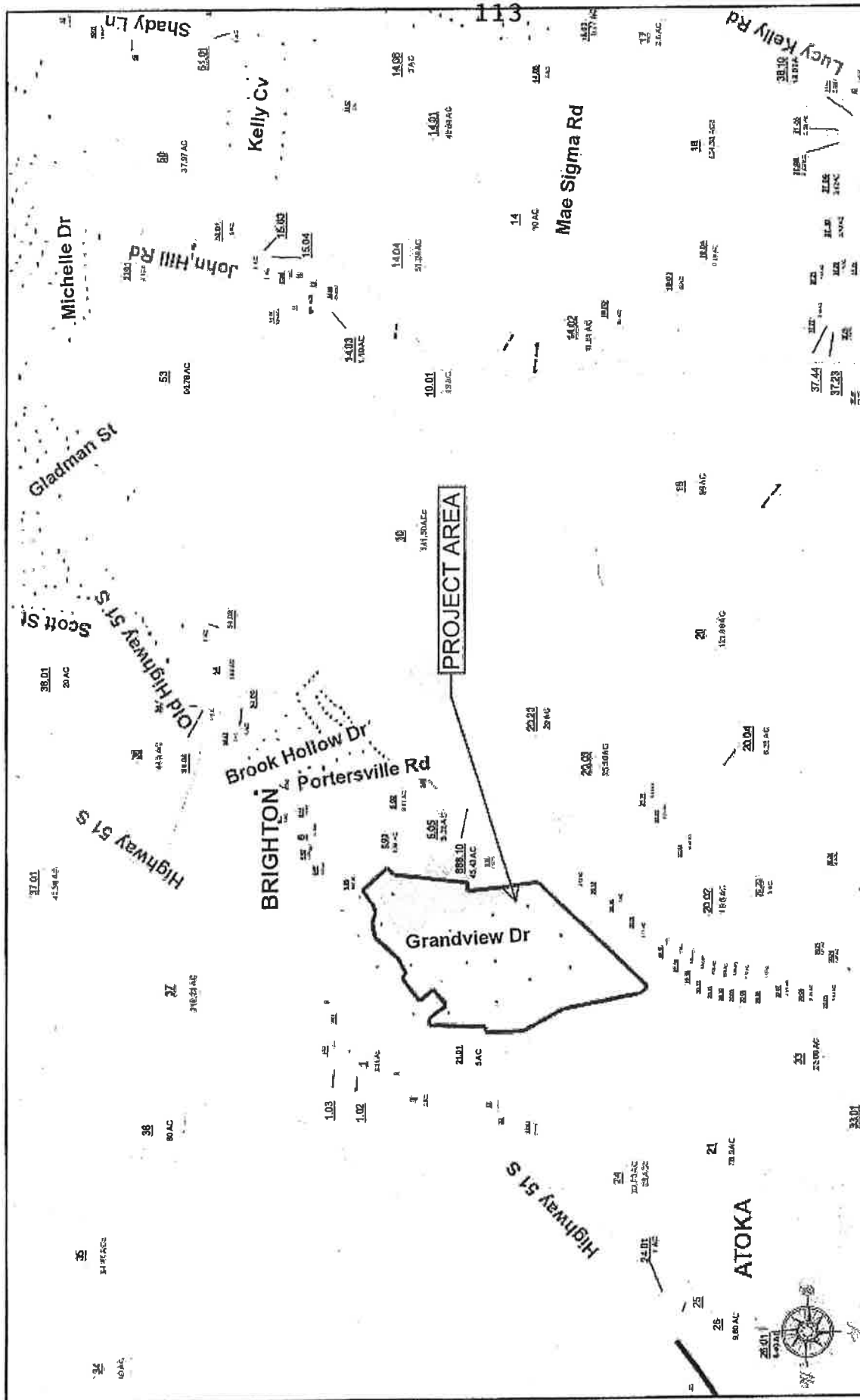






BRIGHTON GREEN HOUSE PROJECT

PROJECT LOCATION MAP



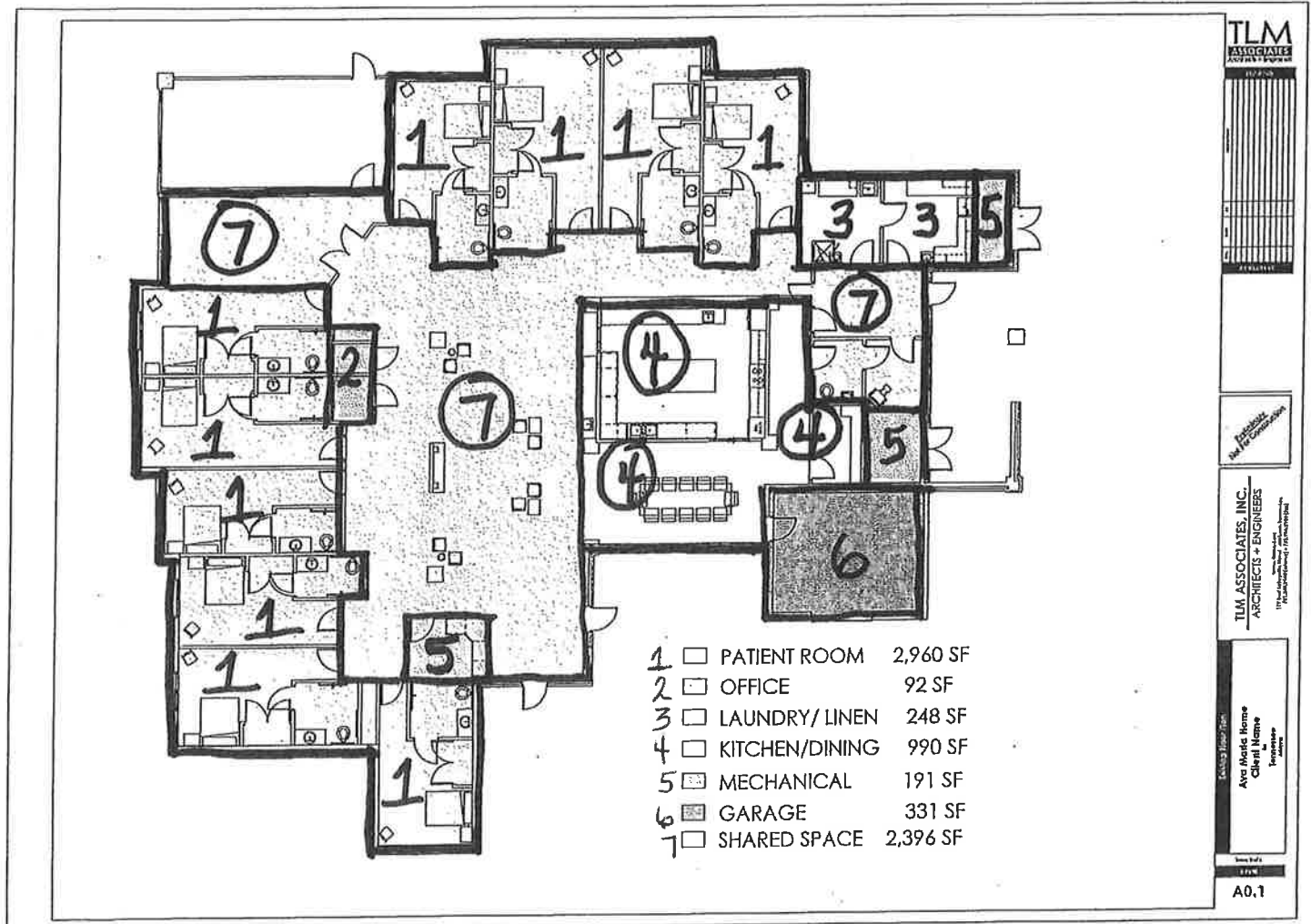
TIPTON COUNTY, TENNESSEE



DISCLAIMER: THIS MAP IS FOR PROPERTY TAX ASSESSMENT PURPOSES ONLY. IT WAS CONSTRUCTED FROM PROPERTY INFORMATION RECORDED IN THE OFFICE OF THE REGISTER OF DEEDS AND IS NOT CONCLUSIVE AS TO LOCATION OF PROPERTY OR LEGAL OWNERSHIP.
MAP DATE: May 20, 2016

Attachment Section A-6B-2

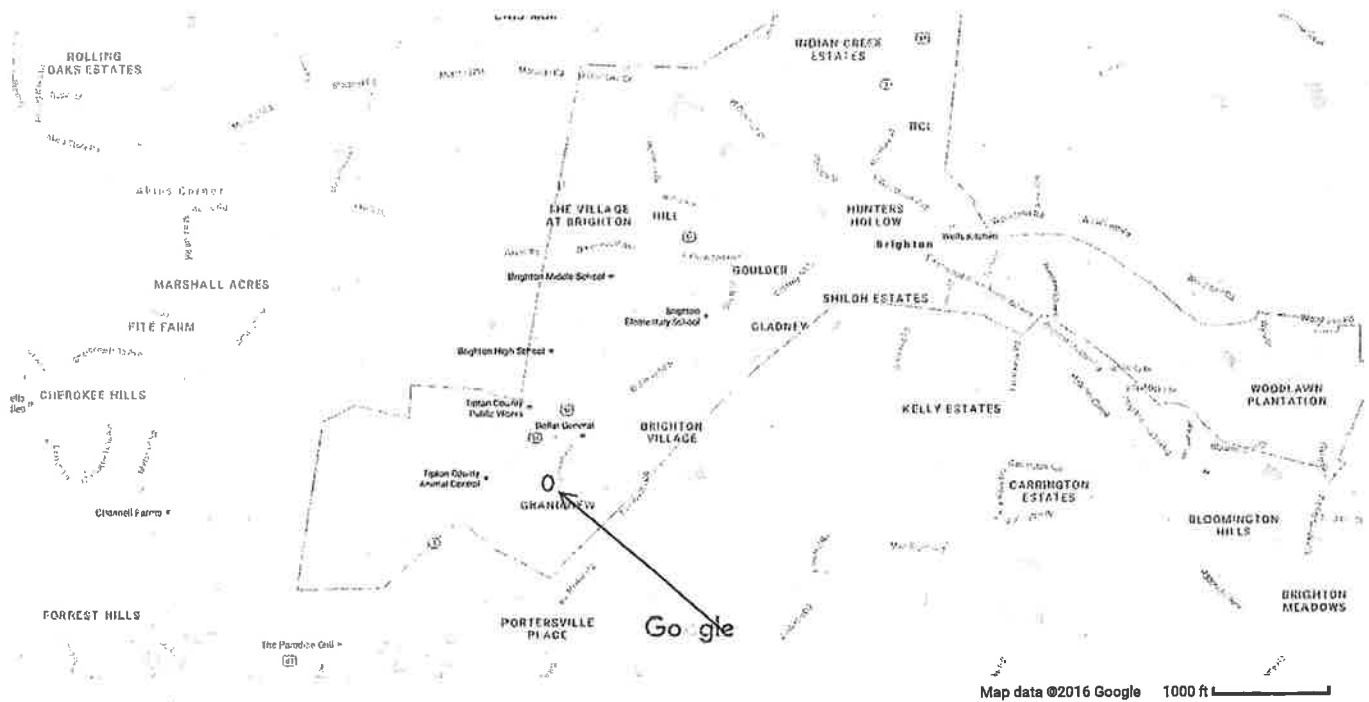
Floor Plan Drawing for the Facility



Attachment Section A-6B-3

Map of Transit Routes

Google Maps Brighton



Attachment Section C- Economic Feasibility-1

Documentation Supporting Construction Costs



August 30, 2016

Melanie Hill, Director
Tennessee Health Services & Development Agency
502 Deaderick Street
Andrew Jackson Bldg., 9th Floor
Nashville, TN 37243

Dear Ms. Hill:

My name is Randy McKinnon and I serve as President of TLM Associates, Inc., (TLM). TLM has been retained as the designer of the Life Options, Green House Project in Brighton, TN (Project). In support of the application of Life Options of West Tennessee, Inc. (Owner) for a proposed thirty (30) bed nursing home to be located on Grandview Drive, Brighton, Tennessee, I state the following to the best of my knowledge:

Life Options of West Tennessee, Inc. is a duly formed Tennessee not-for-profit corporation whose purpose is the development of this proposed senior living and long term care project.

TLM serves as architect for this proposed project, and has developed plans and proposals for the development and construction of the proposed Project. TLM proposes to design and assist the Owner through construction of the Project as described within, consisting of three (3), ten person units.

TLM is familiar with construction costs in the Tipton County area, and estimates that the probable construction cost of the project will be \$4,073,850.00.

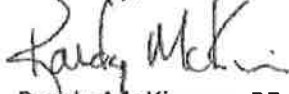
As part of the construction development process, numerous sites were considered for the Project. It is our professional opinion that the 29 acre site of which Life Options has the option to purchase, and the specific location for the proposed three (3) Green House units is well suited for the Project. The control of the surrounding property will allow Life Options to oversee development of the site and maintain a well suited environment for residents.

As architect for the Project, TLM can attest that the physical environment of the proposed facility and units will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the AIA Guidelines for Design and Construction of Hospital and Health Care Facilities in current use by the licensing authority. A list of applicable codes is as follows:

- 2012 International Building Code
- 2012 International Fuel Gas Code
- 2012 International Mechanical Code
- 2012 International Plumbing Code
- 2012 International Fire Code
- 2012 International Energy Code
- 2010 FGI Guidelines for Healthcare Facilities

Please let me know if you have any further questions.

Sincerely,



Randy McKinnon, PE

President, TLM Associates, Inc.

Attachment Section C- Economic Feasibility-2

Documentation of Financial Feasibility

U.S. DEPARTMENT OF AGRICULTURE
NOTICE OF PREAPPLICATION REVIEW
ACTION

From: USDA Rural Development

(Department, bureau, or establishment)

Agency Number

07

To: Life Options of West TN, Inc.
2600 Poplar Avenue #112
Memphis, TN 38112

Reference Your Preapplication

Number 1

Dated: 08-31-2016

1. We have reviewed your preapplication for Federal assistance under Federal Catalog 10.766 and have determined that your proposal is:
 - ☒ eligible for funding by this agency and can compete with similar applications from other grantees.
 - ☐ eligible but does not have the priority necessary for further consideration at this time.
 - ☐ not eligible for funding by this agency.
2. Therefore, we suggest that You:
 - ☒ file a formal application with us by (date) 01-01-2017
 - ☐ file an application with _____ (Suggested Federal agency).
 - ☐ find other means of funding this project.
3. Based upon the funds available for this program over the last two fiscal years and the number of applications reviewed, or pending, we anticipate that funds for which you are competing will be available after (month, year) 01-17.
4. You requested \$ 14,595,000.00 Federal funding in your preapplication form, and we:
 - ☒ are agreeable to consideration of approximately this amount in the formal application.
 - ☐ will need to analyze the amount requested in more detail.
5. A preapplication conference will be ☒ necessary ☐ not necessary. We are recommending that it be held at 2600 Poplar Ave. Memphis, TN 38112, on 10-03-2016, at 10:00 a.m./p.m. ☒ Please contact the undersigned for confirmation.
6. Enclosures: _____ Forms _____ Instructions ☒ Other (Specify) See Below
7. Other Remarks:

See Attachment/Checklist

| | | |
|---|--|--|
| Signature <u>Joshua A. Wilkerson</u> Joshua A. Wilkerson | Title <u>Acting Area Director</u> | Date <u>09-12-2016</u> |
| Organizational Unit <u>USDA Rural Development</u> | Administrative Office <u>Area Office</u> | Telephone Number <u>(731) 668-2091</u> |

Address 3007 Greystone Square
Jackson, TN 38305

NOTE: This form will be used by Federal agencies to inform applicants of the results of a review of their preapplication request for Federal assistance. When the review cannot be performed within 45 days, the applicant shall be informed by letter as to when the review will be completed. When Federal agencies determine that the proposal is not eligible for Federal assistance, specific reasons should be provided in Item 7 Other Remarks.

FORM AD 622 (12-72)

Attachment Section C- Economic Feasibility-6

Project Financial Information

FOR TAX YEAR 2015

LIFE OPTIONS OF WEST TENNESSEE, INC

Amy K Baltimore CPA

1706 Hwy 51 South

Covington, TN 38019

(901) 730-5440

¹²⁵
Amy K Baltimore CPA

1706 Hwy 51 South
Covington, TN 38019
amy@amybaltimorecpa.com
Phone: (901)730-5440 | Fax: (901)730-5448

June 08, 2016

Life Options of West Tennessee, Inc
74 Sanders Drive
Brighton, TN 38011

Your privacy is important to us. Please read the following privacy policy.

We collect nonpublic personal information about you from various sources, including:

- * Interviews regarding your tax situation

- * Applications, organizers, or other documents that supply such information as your name, address, telephone number, Social Security Number, number of dependents, income, and other tax-related data

- * Tax-related documents you provide that are required for processing tax returns, such as Forms W-2, 1099R, 1099-INT and 1099-DIV, and stock transactions

We do not disclose any nonpublic personal information about our clients or former clients to anyone, except as requested by our clients or as required by law.

We restrict access to personal information concerning you, except to our employees who need such information in order to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your personal information.

If you have any questions about our privacy policy, please contact us.

Sincerely,

Amy K Baltimore CPA
Amy K Baltimore CPA

| | | | |
|--|---|-------------------------|------|
| EF_PDF~ | (KEEP FOR YOUR RECORDS) EF Attachments | | 2015 |
| Name of corporation Life Options of West Tennessee, Inc | | | |
| FEIN 37-1553269 | | | |
| Reference | Description | Filename: | |
| Attorney | 990 Final Attachment | attachment9990final.pdf | |

Return of Organization Exempt From Income Tax

2015

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

Do not enter social security numbers on this form as it may be made public.

Information about Form 990-EZ and its instructions is at www.irs.gov/form990.

Department of the Treasury
Internal Revenue Service

A For the 2015 calendar year, or tax year beginning , 2015, and ending , 20

B Check if applicable:

- ☐ Address change
☐ Name change
☐ Initial return
☐ Final return/terminated
☒ Amended return
☐ Application pending

C Name of organization

Life Options of West Tennessee, Inc

Number and street (or P.O. box, if mail is not delivered to street address)

Room/suite

74 Sanders Drive

City or town, state or province, country, and ZIP or foreign postal code

Brighton, TN 38011

D Employer identification number

37-1553269

E Telephone number

(901) 347-3972

F Group Exemption

Number

G Accounting Method: ☒ Cash ☐ Accrual Other (specify) ▶H Check ☐ if the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF).

I Website: ▶ N/A

J Tax-exempt status (check only one) - ☒ 501(c)(3) ☐ 501(c)() (insert no.) ☐ 4947(a)(1) or ☐ 527K Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other

L Add lines 5b, 6c, and 7b to line 9 to determine gross receipts. If gross receipts are \$200,000 or more, or if total assets

(Part II, column (B) below) are \$500,000 or more, file Form 990 instead of Form 990-EZ ▶ \$ 154,672

Part II Revenue, Expenses, and Changes in Net Assets or Fund Balances (see the instructions for Part I)

Check if the organization used Schedule O to respond to any question in this Part I ☒

| | | | | |
|------------|--|--|---------|---------|
| Revenue | 1 | Contributions, gifts, grants, and similar amounts received | 1 | 8,652 |
| | 2 | Program service revenue including government fees and contracts | 2 | 146,020 |
| | 3 | Membership dues and assessments | 3 | |
| | 4 | Investment income | 4 | |
| | 5a | Gross amount from sale of assets other than inventory | 5a | |
| | 5b | Less: cost or other basis and sales expenses | 5b | |
| | 5c | Gain or (loss) from sale of assets other than inventory (Subtract line 5b from line 5a) | 5c | |
| | 6 | Gaming and fundraising events | | |
| | a | Gross income from gaming (attach Schedule G if greater than \$15,000) | 6a | |
| b | Gross income from fundraising events (not including \$ of contributions from fundraising events reported on line 1) (attach Schedule G if the sum of such gross income and contributions exceeds \$15,000) | 6b | | |
| c | Less: direct expenses from gaming and fundraising events | 6c | | |
| d | Net income or (loss) from gaming and fundraising events (add lines 6a and 6b and subtract line 6c) | 6d | | |
| 7a | Gross sales of inventory, less returns and allowances | 7a | | |
| b | Less: cost of goods sold | 7b | | |
| c | Gross profit or (loss) from sales of inventory (Subtract line 7b from line 7a) | 7c | | |
| 8 | Other revenue (describe in Schedule O) | 8 | | |
| 9 | Total revenue. Add lines 1, 2, 3, 4, 5c, 6d, 7c, and 8 | 9 | 154,672 | |
| Expenses | 10 | Grants and similar amounts paid (list in Schedule O) | 10 | |
| | 11 | Benefits paid to or for members | 11 | |
| | 12 | Salaries, other compensation, and employee benefits | 12 | 87,578 |
| | 13 | Professional fees and other payments to independent contractors | 13 | 16,245 |
| | 14 | Occupancy, rent, utilities, and maintenance | 14 | 13,520 |
| | 15 | Printing, publications, postage, and shipping | 15 | |
| | 16 | Other expenses (describe in Schedule O) | 16 | 20,642 |
| 17 | Total expenses. Add lines 10 through 16 | 17 | 137,985 | |
| Net Assets | 18 | Excess or (deficit) for the year (Subtract line 17 from line 9) | 18 | 16,687 |
| | 19 | Net assets or fund balances at beginning of year (from line 27, column (A)) (must agree with end-of-year figure reported on prior year's return) | 19 | 14,861 |
| | 20 | Other changes in net assets or fund balances (explain in Schedule O) | 20 | |
| | 21 | Net assets or fund balances at end of year. Combine lines 18 through 20 | 21 | 31,548 |

For Paperwork Reduction Act Notice, see the separate instructions.

Form 990-EZ (2015)


Other Information (Note the Schedule A and personal benefit contract statement requirements in the instructions for Part V) Check if the organization used Schedule O to respond to any question in this Part V ☐

| | Yes | No |
|---|-----|----|
| 33 Did the organization engage in any significant activity not previously reported to the IRS? If "Yes," provide a detailed description of each activity in Schedule O | | X |
| 34 Were any significant changes made to the organizing or governing documents? If "Yes," attach a conformed copy of the amended documents if they reflect a change to the organization's name. Otherwise, explain the change on Schedule O (see instructions) | | X |
| 35 a Did the organization have unrelated business gross income of \$1,000 or more during the year from business activities (such as those reported on lines 2, 6a, and 7a, among others)? | | X |
| 35 b If "Yes," to line 35a, has the organization filed a Form 990-T for the year? If "No," provide an explanation in Schedule O | | |
| 35 c Was the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization subject to section 6033(e) notice, reporting, and proxy tax requirements during the year? If "Yes," complete Schedule C, Part III | | X |
| 36 Did the organization undergo a liquidation, dissolution, termination, or significant disposition of net assets during the year? If "Yes," complete applicable parts of Schedule N | | X |
| 37 a Enter amount of political expenditures, direct or indirect, as described in the instructions | 37a | |
| 37 b Did the organization file Form 1120-POL for this year? | | X |
| 38 a Did the organization borrow from, or make any loans to, any officer, director, trustee, or key employee or were any such loans made in a prior year and still outstanding at the end of the tax year covered by this return? | 38a | X |
| 38 b If "Yes," complete Schedule L, Part II and enter the total amount involved | 38b | |
| 39 Section 501(c)(7) organizations. Enter: | | |
| a Initiation fees and capital contributions included on line 9 | 39a | |
| b Gross receipts, included on line 9, for public use of club facilities | 39b | |
| 40 a Section 501(c)(3) organizations. Enter amount of tax imposed on the organization during the year under: section 4911; section 4912; section 4955 | | |
| b Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year, or did it engage in an excess benefit transaction in a prior year that has not been reported on any of its prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I | 40b | X |
| c Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Enter amount of tax imposed on organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 | | |
| d Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Enter amount of tax on line 40c reimbursed by the organization | | |
| e All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction? If "Yes," complete Form 8866-T | 40e | X |
| 41 List the states with which a copy of this return is filed | | |
| 42 a The organization's books are in care of <u>Charles Putham</u> Telephone no. <u>901-347-3972</u> Located at <u>74 Sanders Drive, Brighton, TN</u> ZIP + 4 <u>38011</u> | | |
| b At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," enter the name of the foreign country: See the instructions for exceptions and filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR) | 42b | X |
| c At any time during the calendar year, did the organization maintain an office outside the U.S.? If "Yes," enter the name of the foreign country: | 42c | X |
| 43 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-EZ in lieu of Form 1041-Check here and enter the amount of tax-exempt interest received or accrued during the tax year | 43 | |
| 44 a Did the organization maintain any donor advised funds during the year? If "Yes," Form 990 must be completed instead of Form 990-EZ | 44a | X |
| b Did the organization operate one or more hospital facilities during the year? If "Yes," Form 990 must be completed instead of Form 990-EZ | 44b | X |
| c Did the organization receive any payments for indoor tanning services during the year? | 44c | X |
| d If "Yes," to line 44c, has the organization filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O | 44d | |
| 45 a Did the organization have a controlled entity within the meaning of section 512(b)(13)? | 45a | X |
| b Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," Form 990 and Schedule R may need to be completed instead of Form 990-EZ (see instructions) | 45b | X |

- 46 Did the organization engage, directly or indirectly, in political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I

| | Yes | No |
|----|-----|----|
| 46 | | X |

Part V Section 501(c)(3) organizations only

All section 501(c)(3) organizations must answer questions 47-49b and 52, and complete the tables for lines 50 and 51.

Check if the organization used Schedule O to respond to any question in this Part VI ☐

- 47 Did the organization engage in lobbying activities or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II

| | Yes | No |
|-----|-----|----|
| 47 | | X |
| 48 | | X |
| 49a | | X |
| 49b | | |

- 48 Is the organization a school as described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E

- 49a Did the organization make any transfers to an exempt non-charitable related organization?

- b If "Yes," was the related organization a section 527 organization?

- 50 Complete this table for the organization's five highest compensated employees (other than officers, directors, trustees and key employees) who each received more than \$100,000 of compensation from the organization. If there is none, enter "None."

| (a) Name and title of each employee | (b) Average hours per week devoted to position | (c) Reportable compensation (Forms W-2/1099-MISC) | (d) Health benefits, contributions to employee benefit plans, and deferred compensation | (e) Estimated amount of other compensation |
|-------------------------------------|--|---|---|--|
| NONE | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

- f Total number of other employees paid over \$100,000

- 51 Complete this table for the organization's five highest compensated independent contractors who each received more than \$100,000 of compensation from the organization. If there is none, enter "None."

| (a) Name and business address of each independent contractor | (b) Type of service | (c) Compensation |
|--|---------------------|------------------|
| NONE | | |
| | | |
| | | |
| | | |
| | | |

- d Total number of other independent contractors each receiving over \$100,000

- 52 Did the organization complete Schedule A? **Note.** All section 501(c)(3) organizations must attach a completed Schedule A

☒ Yes ☐ No

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

| | | |
|------------------|---|--------------------|
| Sign Here | Charles Putnam Signature of officer | 04-11-2016 Date |
| | Charles Putnam, Vice-President Type or print name and title | |

| | | | | | |
|-------------------------------|----------------------------|----------------------|------------|--|-----------|
| Paid Preparer Use Only | Print/Type preparer's name | Preparer's signature | Date | Check <input checked="" type="checkbox"/> if self-employed | PTIN |
| | Amy K Baltimore CPA | Amy K Baltimore CPA | 06-08-2016 | | P01511314 |
| | Firm's name | Firm's EIN | | | |
| | Firm's address | Phone no. | | | |
| | Covington TN 38019 | | | 901-730-5440 | |

May the IRS discuss this return with the preparer shown above? See instructions

☒ Yes ☐ No

SCHEDULE A
(Form 990 or 990-EZ)

Public Charity Status and Public Support
Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

OMB No. 1545-0047

2015

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 990 or Form 990-EZ.
▶ Information about Schedule A (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

Name of the organization

Employer identification number

Life Options of West Tennessee, Inc

37-1553269

Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1 ☐ A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i).
- 2 ☐ A school described in section 170(b)(1)(A)(ii). (Attach Schedule E (Form 990 or 990-EZ).)
- 3 ☐ A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).
- 4 ☐ A medical research organization operated in conjunction with a hospital described in section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state: _____
- 5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in section 170(b)(1)(A)(iv). (Complete Part II.)
- 6 ☐ A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).
- 7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 8 ☐ A community trust described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 9 ☒ An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Complete Part III.)
- 10 ☐ An organization organized and operated exclusively to test for public safety. See section 509(a)(4).
- 11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See section 509(a)(3). Check the box in lines 11a through 11d that describes the type of supporting organization and complete lines 11e, 11f, and 11g.
- a ☐ **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. You must complete Part IV, Sections A and B.
- b ☐ **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). You must complete Part IV, Sections A and C.
- c ☐ **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). You must complete Part IV, Sections A, D, and E.
- d ☐ **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). You must complete Part IV, Sections A and D, and Part V.
- e ☐ Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.
- f Enter the number of supported organizations: _____
- g Provide the following information about the supported organization(s).

| (i) Name of supported organization | (ii) EIN | (iii) Type of organization (described on lines 1-9 above (see instructions)) | (iv) Is the organization listed in your governing document? | | (v) Amount of monetary support (see instructions) | (vi) Amount of other support (see instructions) |
|------------------------------------|----------|--|---|----|---|---|
| | | | Yes | No | | |
| (A) | | | | | | |
| (B) | | | | | | |
| (C) | | | | | | |
| (D) | | | | | | |
| (E) | | | | | | |
| Total | | | | | | |

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule A (Form 990 or 990-EZ) 2015

EEA

**Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

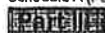
| Calendar year (or fiscal year beginning in) ▶ | (a) 2011 | (b) 2012 | (c) 2013 | (d) 2014 | (e) 2015 | (f) Total |
|--|----------|----------|----------|----------|----------|-----------|
| 1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") | | | | | | |
| 2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf | | | | | | |
| 3 The value of services or facilities furnished by a governmental unit to the organization without charge | | | | | | |
| 4 Total. Add lines 1 through 3 | | | | | | |
| 5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f) | | | | | | |
| 6 Public support. Subtract line 5 from line 4 | | | | | | |

Section B. Total Support

| Calendar year (or fiscal year beginning in) ▶ | (a) 2011 | (b) 2012 | (c) 2013 | (d) 2014 | (e) 2015 | (f) Total |
|---|----------|----------|----------|----------|----------|-----------|
| 7 Amounts from line 4 | | | | | | |
| 8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources | | | | | | |
| 9 Net income from unrelated business activities, whether or not the business is regularly carried on | | | | | | |
| 10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) | | | | | | |
| 11 Total support. Add lines 7 through 10 | | | | | | |
| 12 Gross receipts from related activities, etc. (see instructions) | | | | | 12 | |
| 13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here <input type="checkbox"/> | | | | | | |

Section C. Computation of Public Support Percentage

| | | |
|---|----|---|
| 14 Public support percentage for 2015 (line 6, column (f) divided by line 11, column (f)) | 14 | % |
| 15 Public support percentage from 2014 Schedule A, Part II, line 14 | 15 | % |
| 16a 33 1/3% support test - 2015. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization <input type="checkbox"/> | | |
| b 33 1/3% support test - 2014. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization <input type="checkbox"/> | | |
| 17a 10%-facts-and-circumstances test - 2015. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization <input type="checkbox"/> | | |
| b 10%-facts-and-circumstances test - 2014. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization <input type="checkbox"/> | | |
| 18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions <input type="checkbox"/> | | |

**Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II.

If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

| Calendar year (or fiscal year beginning in) ▶ | (a) 2011 | (b) 2012 | (c) 2013 | (d) 2014 | (e) 2015 | (f) Total |
|---|----------|----------|----------|----------|----------|-----------|
| 1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") | 4,623 | 4,000 | 600 | 300 | 180 | 9,703 |
| 2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose | 20,513 | 139,689 | 127,010 | 152,733 | 146,020 | 585,965 |
| 3 Gross receipts from activities that are not an unrelated trade or business under section 513 | | | | | | |
| 4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf | | | | | | |
| 5 The value of services or facilities furnished by a governmental unit to the organization without charge | | | | | | |
| 6 Total. Add lines 1 through 5 | 25,136 | 143,689 | 127,610 | 153,033 | 146,200 | 595,668 |
| 7a Amounts included on lines 1, 2, and 3 received from disqualified persons | | | | | | |
| b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year | | | | | | |
| c Add lines 7a and 7b | | | | | | |
| 8 Public support. (Subtract line 7c from line 6.) | | | | | | 595,668 |

Section B. Total Support

| Calendar year (or fiscal year beginning in) ▶ | (a) 2011 | (b) 2012 | (c) 2013 | (d) 2014 | (e) 2015 | (f) Total |
|---|----------|----------|----------|----------|----------|--------------------------|
| 9 Amounts from line 6 | 25,136 | 143,689 | 127,610 | 153,033 | 146,200 | 595,668 |
| 10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources | | | 10 | | | 10 |
| b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 | | | | | | |
| c Add lines 10a and 10b | | | 10 | | | 10 |
| 11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on | | | | | | |
| 12 Other income. Do not include gain or loss from the sale of capital assets. (Explain in Part VI.) | | | | | | |
| 13 Total support. (Add lines 9, 10c, 11, and 12.) | 25,136 | 143,689 | 127,620 | 153,033 | 146,200 | 595,678 |
| 14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here | | | | | | <input type="checkbox"/> |

Section C. Computation of Public Support Percentage

| | | | |
|--|----|--------|---|
| 15 Public support percentage for 2015 (line 8, column (f) divided by line 13, column (f)) | 15 | 100.00 | % |
| 16 Public support percentage from 2014 Schedule A, Part III, line 15 | 16 | 100.00 | % |

Section D. Computation of Investment Income Percentage

| | | | |
|---|----|------|---|
| 17 Investment income percentage for 2015 (line 10c, column (f) divided by line 13, column (f)) | 17 | 0.00 | % |
| 18 Investment income percentage from 2014 Schedule A, Part III, line 17 | 18 | 0.00 | % |

19a 33 1/3% support tests - 2015. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization. ☒

b 33 1/3% support tests - 2014. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization. ☐

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions. ☐

Part VII**Supporting Organizations**

(Complete only if you checked a box in line 11 of Part I. If you checked 11a of Part I, complete Sections A and B. If you checked 11b of Part I, complete Sections A and C. If you checked 11c of Part I, complete Sections A, D, and E. If you checked 11d of Part I, complete Sections A and D, and complete Part V.)

Section A. All Supporting Organizations

| | Yes | No |
|---|-----|----|
| 1 Are all of the organization's supported organizations listed by name in the organization's governing documents? If "No," describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain. | | |
| 2 Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2). | | |
| 3a Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? If "Yes," answer (b) and (c) below. | | |
| b Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? If "Yes," describe in Part VI when and how the organization made the determination. | | |
| c Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? If "Yes," explain in Part VI what controls the organization put in place to ensure such use. | | |
| 4a Was any supported organization not organized in the United States ("foreign supported organization")? If "Yes," and if you checked 11a or 11b in Part I, answer (b) and (c) below. | | |
| b Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations. | | |
| c Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes. | | |
| 5a Did the organization add, substitute, or remove any supported organizations during the tax year? If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in Part VI , including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document). | | |
| b Type I or Type II only. Was any added or substituted supported organization part of a class already designated in the organization's organizing document? | | |
| c Substitutions only. Was the substitution the result of an event beyond the organization's control? | | |
| 6 Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? If "Yes," provide detail in Part VI . | | |
| 7 Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ). | | |
| 8 Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ). | | |
| 9a Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? If "Yes," provide detail in Part VI . | | |
| b Did one or more disqualified persons (as defined in line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? If "Yes," provide detail in Part VI . | | |
| c Did a disqualified person (as defined in line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? If "Yes," provide detail in Part VI . | | |
| 10a Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? If "Yes," answer 10b below. | | |
| b Did the organization have any excess business holdings in the tax year? (Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.) | | |

Supporting Organizations (continued)**11** Has the organization accepted a gift or contribution from any of the following persons?

- a** A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?
- b** A family member of a person described in (a) above?
- c** A 35% controlled entity of a person described in (a) or (b) above? If "Yes" to a, b, or c, provide detail in Part VI.

Yes No

| | | |
|-----|--|--|
| 11a | | |
| 11b | | |
| 11c | | |

Section B. Type I Supporting Organizations

- 1** Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? If "No," describe in Part VI how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.
- 2** Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? If "Yes," explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.

Yes No

| | | |
|---|--|--|
| 1 | | |
| 2 | | |

Section C. Type II Supporting Organizations

- 1** Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? If "No," describe in Part VI how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).

Yes No

| | | |
|---|--|--|
| 1 | | |
|---|--|--|

Section D. All Type III Supporting Organizations

- 1** Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?
- 2** Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).
- 3** By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.

Yes No

| | | |
|---|--|--|
| 1 | | |
| 2 | | |
| 3 | | |

Section E. Type III Functionally Integrated Supporting Organizations

- 1** Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions):
- a** ☐ The organization satisfied the Activities Test. Complete line 2 below.
- b** ☐ The organization is the parent of each of its supported organizations. Complete line 3 below.
- c** ☐ The organization supported a governmental entity. Describe in Part VI how you supported a government entity (see instructions).

2 Activities Test. Answer (a) and (b) below.

- a** Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.
- b** Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.

Yes No

| | | |
|----|--|--|
| 2a | | |
| 2b | | |

3 Parent of Supported Organizations. Answer (a) and (b) below.

- a** Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? Provide details in Part VI.
- b** Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? If "Yes," describe in Part VI the role played by the organization in this regard.

| | | |
|----|--|--|
| 3a | | |
| 3b | | |

Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations

- 1 ☐ Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970. See instructions. All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

Section A - Adjusted Net Income

| | | (A) Prior Year | (B) Current Year (optional) |
|---|--|----------------|-----------------------------|
| 1 | Net short-term capital gain | 1 | |
| 2 | Recoveries of prior-year distributions | 2 | |
| 3 | Other gross income (see instructions) | 3 | |
| 4 | Add lines 1 through 3 | 4 | |
| 5 | Depreciation and depletion | 5 | |
| 6 | Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions) | 6 | |
| 7 | Other expenses (see instructions) | 7 | |
| 8 | Adjusted Net Income (subtract lines 5, 6 and 7 from line 4) | 8 | |

Section B - Minimum Asset Amount

| | | (A) Prior Year | (B) Current Year (optional) |
|---|---|----------------|-----------------------------|
| 1 | Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year): | | |
| a | Average monthly value of securities | 1a | |
| b | Average monthly cash balances | 1b | |
| c | Fair market value of other non-exempt-use assets | 1c | |
| d | Total (add lines 1a, 1b, and 1c) | 1d | |
| e | Discount claimed for blockage or other factors (explain in detail in Part VI): | | |
| 2 | Acquisition indebtedness applicable to non-exempt-use assets | 2 | |
| 3 | Subtract line 2 from line 1d | 3 | |
| 4 | Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions). | 4 | |
| 5 | Net value of non-exempt-use assets (subtract line 4 from line 3) | 5 | |
| 6 | Multiply line 5 by .035 | 6 | |
| 7 | Recoveries of prior-year distributions | 7 | |
| 8 | Minimum Asset Amount (add line 7 to line 6) | 8 | |

Section C - Distributable Amount

| | | | Current Year |
|---|---|---|--------------|
| 1 | Adjusted net income for prior year (from Section A, line 8, Column A) | 1 | |
| 2 | Enter 85% of line 1 | 2 | |
| 3 | Minimum asset amount for prior year (from Section B, line 8, Column A) | 3 | |
| 4 | Enter greater of line 2 or line 3 | 4 | |
| 5 | Income tax imposed in prior year | 5 | |
| 6 | Distributable Amount. Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions) | 6 | |
| 7 | <input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally-integrated Type III supporting organization (see instructions). | | |

Part IV Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations (continued)

| Section D - Distributions | Current Year |
|--|--------------|
| 1 Amounts paid to supported organizations to accomplish exempt purposes | |
| 2 Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity | |
| 3 Administrative expenses paid to accomplish exempt purposes of supported organizations | |
| 4 Amounts paid to acquire exempt-use assets | |
| 5 Qualified set-aside amounts (prior IRS approval required) | |
| 6 Other distributions (describe in Part VI). See instructions. | |
| 7 Total annual distributions. Add lines 1 through 6. | |
| 8 Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI). See instructions. | |
| 9 Distributable amount for 2015 from Section C, line 6 | |
| 10 Line 8 amount divided by Line 9 amount | |

| Section E - Distribution Allocations (see instructions) | (i) Excess Distributions | (ii) Underdistributions Pre-2015 | (iii) Distributable Amount for 2015 |
|---|-----------------------------|--|---|
| 1 Distributable amount for 2015 from Section C, line 6 | | | |
| 2 Underdistributions, if any, for years prior to 2015 (reasonable cause required-see instructions) | | | |
| 3 Excess distributions carryover, if any, to 2015: | | | |
| a | | | |
| b | | | |
| c | | | |
| d From 2013 | | | |
| e From 2014 | | | |
| f Total of lines 3a through e | | | |
| g Applied to underdistributions of prior years | | | |
| h Applied to 2015 distributable amount | | | |
| i Carryover from 2010 not applied (see instructions) | | | |
| j Remainder. Subtract lines 3g, 3h, and 3i from 3f | | | |
| 4 Distributions for 2015 from Section D, line 7: \$ | | | |
| a Applied to underdistributions of prior years | | | |
| b Applied to 2015 distributable amount | | | |
| c Remainder. Subtract lines 4a and 4b from 4 | | | |
| 5 Remaining underdistributions for years prior to 2015. If any, subtract lines 3g and 4a from line 2 (if amount greater than zero, see instructions). | | | |
| 6 Remaining underdistributions for 2015. Subtract lines 3h and 4b from line 1 (if amount greater than zero, see instructions). | | | |
| 7 Excess distributions carryover to 2016. Add lines 3j and 4c. | | | |
| 8 Breakdown of line 7: | | | |
| a | | | |
| b | | | |
| c Excess from 2013 | | | |
| d Excess from 2014 | | | |
| e Excess from 2015 | | | |



Supplemental Information. Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a and 3b; Part V, line 1; Part V, Section B, line 1e; Part V, Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information. (See instructions.)

Client Copy

Schedule B
(Form 990, 990-EZ,
or 990-PF)Department of the Treasury
Internal Revenue Service**Schedule of Contributors**

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.

OMB No. 1545-0047

2015▶ Information about Schedule B (Form 990, 990-EZ, or 990-PF) and its instructions is at www.irs.gov/form990.

Name of the organization

Life Options of West Tennessee, Inc

Employer identification number

37-1553269

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

☒ 501(c)(3) (enter number) organization☐ 4947(a)(1) nonexempt charitable trust not treated as a private foundation☐ 527 political organization

Form 990-PF

☐ 501(c)(3) exempt private foundation☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation☐ 501(c)(3) taxable private foundation

Check if your organization is covered by the General Rule or a Special Rule.

Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.**General Rule**

- ☒
- For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

Special Rules

- ☐ For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- ☐ For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I, II, and III.
- ☐ For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions exclusively for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an exclusively religious, charitable, etc., purpose. Do not complete any of the parts unless the General Rule applies to this organization because it received nonexclusively religious, charitable, etc., contributions totaling \$5,000 or more during the year \$

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

For Paperwork Reduction Act Notice, see the Instructions for Form 990, 990-EZ, or 990-PF.

Schedule B (Form 990, 990-EZ, or 990-PF) (2015)

EEA

Name of organization

Employer identification number

Life Options of West Tennessee, Inc

37-1553269



Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

| (a) No. | (b) Name, address, and ZIP + 4 | (c) Total contributions | (d) Type of contribution |
|------------|---|----------------------------|---|
| 1 | Charles Putnam 74 Sanders Drive Brighton, TN 38011-6501 | \$ 8,472 | Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| (a) No. | (b) Name, address, and ZIP + 4 | (c) Total contributions | (d) Type of contribution |
| | | \$ | Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| (a) No. | (b) Name, address, and ZIP + 4 | (c) Total contributions | (d) Type of contribution |
| | | \$ | Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| (a) No. | (b) Name, address, and ZIP + 4 | (c) Total contributions | (d) Type of contribution |
| | | \$ | Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| (a) No. | (b) Name, address, and ZIP + 4 | (c) Total contributions | (d) Type of contribution |
| | | \$ | Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| (a) No. | (b) Name, address, and ZIP + 4 | (c) Total contributions | (d) Type of contribution |
| | | \$ | Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| (a) No. | (b) Name, address, and ZIP + 4 | (c) Total contributions | (d) Type of contribution |
| | | \$ | Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |

Acknowledgement and General Information for Entities That File Returns Electronically

2015

Name(s) as shown on return

Life Options of West Tennessee, Inc

Employer Identification Number

-*3269

Entity address

74 Sanders Drive

Brighton, TN 38011

Thank you for participating in IRS e-file.

1. ☒ 2015 990EZ income tax return for Federal was filed electronically.
The electronic filing services were provided by Amy K Baltimore CPA
2. ☒ 990EZ income tax return was accepted on 05-17-2016 using a Personal Identification Number (PIN) as an electronic signature. The entity entered a PIN or authorized the Electronic Return Originator (ERO) to enter or generate a PIN signature.
The submission ID assigned to this return is 48242620161383hoxaqp

**PLEASE DO NOT SEND A PAPER COPY OF ENTITY'S RETURN TO THE
IRS. IF YOU DO, IT WILL DELAY THE PROCESSING OF THE RETURN.**

| Federal Supporting Statements | | 2015 PG01 |
|---|-------------------------------------|--------------------|
| Name(s) as shown on return | Life Options of West Tennessee, Inc | FEIN 37-1553269 |
| Form 990EZ - Part IV <u>Compensation Explanation</u> | | Statement #A01 |
| <u>Name</u> Charles Putnam | | |
| <u>Explanation</u> Provides professional counseling. | | |

Client Copy

STATMENT.LD

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service
Name of the organization

143
Supplemental Information to Form 990 or 990-EZ
Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No. 1545-0047

2015



Life Options of West Tennessee, Inc

Employer identification number
37-1553269

01. Amended return information

Reason for amending return is to include \$8472.00 in Charitable Donations to the
organization that were paid to beneficiaries of the organization.

02. Description of other expenses (Part I, line 16)

| Description | Amount |
|------------------------|--------|
| Depreciation from 4562 | 1,875 |
| Loan Interest | 609 |
| Office Supplies | 6,985 |
| Mileage Pay | 344 |
| Gas | 724 |
| Auto Repairs | 380 |
| Food Donations | 531 |
| Entertainment | 142 |
| Operating Costs | 580 |
| Sundries | 8,472 |

03. Description of other assets (Part II, line 24)

| Category | Beginning of Year | End of Year |
|--------------|-------------------|-------------|
| Toyota Prius | 15,814 | 15,814 |

04. Description of total liabilities (Part II, line 26)

| Category | Beginning of Year | End of Year |
|---------------------|-------------------|-------------|
| Payroll Liabilities | 945 | 1,146 |
| Toyota Prius Loan | 10,568 | 7,577 |

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule O (Form 990 or 990-EZ) (2015)

EEA

Depreciation and Amortization (Including Information on Listed Property)

OMB No. 1545-0172

2015

Attachment
Sequence No. 179
Department of the Treasury
Internal Revenue Service (99)

▶ Attach to your tax return.
▶ Information about Form 4562 and its separate instructions is at www.irs.gov/form4562.

Name(s) shown on return

Business or activity to which this form relates

Identifying number

Life Options of West Tennessee,

FORM 990EZ - 1

37-1553269

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

| | | | |
|---|---|---|--|
| 1 | Maximum amount (see instructions) | 1 | |
| 2 | Total cost of section 179 property placed in service (see instructions) | 2 | |
| 3 | Threshold cost of section 179 property before reduction in limitation (see instructions) | 3 | |
| 4 | Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0- | 4 | |
| 5 | Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions | 5 | |

| 6 | (a) Description of property | (b) Cost (business use only) | (c) Elected cost |
|----|--|------------------------------|------------------|
| 7 | Listed property. Enter the amount from line 29 | 7 | |
| 8 | Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 | 8 | |
| 9 | Tentative deduction. Enter the smaller of line 5 or line 8 | 9 | |
| 10 | Carryover of disallowed deduction from line 13 of your 2014 Form 4562 | 10 | |
| 11 | Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions) | 11 | |
| 12 | Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 | 12 | |
| 13 | Carryover of disallowed deduction to 2016. Add lines 9 and 10, less line 12 | 13 | |

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

| | | | |
|----|---|----|--|
| 14 | Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions) | 14 | |
| 15 | Property subject to section 168(f)(1) election | 15 | |
| 16 | Other depreciation (including ACRS) | 16 | |

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

| | | | |
|----|--|----|--|
| 17 | MACRS deductions for assets placed in service in tax years beginning before 2015 | 17 | |
| 18 | If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here <input type="checkbox"/> | | |

Section B - Assets Placed in Service During 2015 Tax Year Using the General Depreciation System

| (a) Classification of property | (b) Month and year placed in service | (c) Basis for depreciation (business investment use only-see instructions) | (d) Recovery period | (e) Convention | (f) Method | (g) Depreciation deduction |
|--------------------------------|--------------------------------------|--|---------------------|----------------|------------|----------------------------|
| 19a 3-year property | | | | | | |
| b 5-year property | | | | | | |
| c 7-year property | | | | | | |
| d 10-year property | | | | | | |
| e 15-year property | | | | | | |
| f 20-year property | | | | | | |
| g 25-year property | | | 25 yrs. | | S/L | |
| h Residential rental property | | | 27.5 yrs. | MM | S/L | |
| i Nonresidential real property | | | 39 yrs. | MM | S/L | |

Section C - Assets Placed in Service During 2015 Tax Year Using the Alternative Depreciation System

| | | | | | | |
|----------------|--|--|---------|----|-----|--|
| 20a Class life | | | | | S/L | |
| b 12-year | | | 12 yrs. | | S/L | |
| c 40-year | | | 40 yrs. | MM | S/L | |

Part IV Summary (See instructions.)

| | | | |
|----|--|----|-------|
| 21 | Listed property. Enter amount from line 28 | 21 | 1,875 |
| 22 | Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instructions | 22 | 1,875 |
| 23 | For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 283A costs | 23 | |

For Paperwork Reduction Act Notice, see separate instructions.

Form 4562 (2015)

Part IV Listed Property (Include automobiles, certain other vehicles, certain aircraft, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A - Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? ☐ Yes ☐ No **24b** If "Yes," is the evidence written? ☐ Yes ☐ No

| (a) Type of property (list vehicles first) | (b) Date placed in service | (c) Business/ investment use percentage | (d) Cost or other basis | (e) Basis for depreciation (business/investment use only) | (f) Recovery period | (g) Method/ Convention | (h) Depreciation deduction | (i) Elected section 179 cost |
|--|----------------------------------|--|----------------------------|--|---------------------------|------------------------------|----------------------------------|------------------------------------|
| 25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) | | | | | | | 25 | |
| 26 Property used more than 50% in a qualified business use: | | | | | | | | |
| 2011 Toyota Prius | 01/23/2012 | 100.0% | 22,591 | 22,591 | 5 | S/L-HY | 1,875 | |
| | | % | | | | | | |
| | | % | | | | | | |
| 27 Property used 50% or less in a qualified business use: | | | | | | S/L- | | |
| | | % | | | | S/L- | | |
| | | % | | | | S/L- | | |
| 28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1 | | | | | | | 28 1,875 | |
| 29 Add amounts in column (i), line 26. Enter here and on line 7, page 1 | | | | | | | 29 | |

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

| | (a) Vehicle 1 | | (b) Vehicle 2 | | (c) Vehicle 3 | | (d) Vehicle 4 | | (e) Vehicle 5 | | (f) Vehicle 6 | |
|---|------------------|----|------------------|----|------------------|----|------------------|----|------------------|----|------------------|----|
| 30 Total business/investment miles driven during the year (do not include commuting miles) | | | | | | | | | | | | |
| 31 Total commuting miles driven during the year | | | | | | | | | | | | |
| 32 Total other personal (noncommuting) miles driven | | | | | | | | | | | | |
| 33 Total miles driven during the year. Add lines 30 through 32 | | | | | | | | | | | | |
| 34 Was the vehicle available for personal use during off-duty hours? | Yes | No | Yes | No | Yes | No | Yes | No | Yes | No | Yes | No |
| 35 Was the vehicle used primarily by a more than 5% owner or related person? | | | | | | | | | | | | |
| 36 Is another vehicle available for personal use? | | | | | | | | | | | | |

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

| | | |
|--|-----|----|
| 37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? | Yes | No |
| 38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners | | |
| 39 Do you treat all use of vehicles by employees as personal use? | | |
| 40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received? | | |
| 41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.) | | |

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part V Amortization

| (a) Description of costs | (b) Date amortization begins | (c) Amortizable amount | (d) Code section | (e) Amortization period or percentage | (f) Amortization for this year |
|---|------------------------------------|---------------------------|---------------------|--|-----------------------------------|
| 42 Amortization of costs that begins during your 2015 tax year (see instructions): | | | | | |
| | | | | | |
| 43 Amortization of costs that began before your 2015 tax year | | | | | 43 |
| 44 Total. Add amounts in column (f). See the instructions for where to report | | | | | 44 |

Application for Extension of Time To File an Exempt Organization Return

Department of the Treasury
Internal Revenue Service

► File a separate application for each return.

OMB No. 1545-1700

► Information about Form 8868 and its instructions is at www.irs.gov/form8868.

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box ☒
- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form).

Do not complete **Part II** unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Electronic filing (e-file). You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit www.irs.gov/efile and click on e-file for Charities & Nonprofits.

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension - check this box and complete

Part I only ☐

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Enter filer's identifying number, see instructions

| | | |
|---|---|--|
| Type or print File by the due date for filing your return. See instructions. | Name of exempt organization or other filer, see instructions. Life Options of West Tennessee, Inc | Employer identification number (EIN) or 37-1553269 |
| | Number, street, and room or suite no. If a P.O. box, see instructions. 74 Sanders Drive | Social security number (SSN) |
| | City, town or post office, state, and ZIP code. For a foreign address, see instructions. Brighton, TN 38011 | |
| | | |

Enter the Return code for the return that this application is for (file a separate application for each return)

01

| Application Is For | Return Code | Application Is For | Return Code |
|--|-------------|-----------------------------------|-------------|
| Form 990 or Form 990-EZ | 01 | Form 990-T (corporation) | 07 |
| Form 990-BL | 02 | Form 1041-A | 08 |
| Form 4720 (individual) | 03 | Form 4720 (other than individual) | 09 |
| Form 990-PF | 04 | Form 5227 | 10 |
| Form 990-T (sec. 401(a) or 408(a) trust) | 05 | Form 6069 | 11 |
| Form 990-T (trust other than above) | 06 | Form 8870 | 12 |

- The books are in the care of ► **Charles Putnam, 74 Sanders Drive, Brighton, TN 38011**

Telephone No. ► **901-347-3972**

FAX No. ► **901-907-0299**

- If the organization does not have an office or place of business in the United States, check this box ☐
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) . If this is for the whole group, check this box ☐ . If it is for part of the group, check this box ☐ and attach a list with the names and EINs of all members the extension is for.

- 1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until **08-15, 2016**, to file the exempt organization return for the organization named above. The extension is for the organization's return for:
- ☒ calendar year **2015** or
- tax year beginning _____, 20____, and ending _____, 20____.

- 2 If the tax year entered in line 1 is for less than 12 months, check reason: ☐ Initial return ☐ Final return ☐ Change in accounting period

| | | |
|--|----|----|
| 3a If this application is for Forms 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions. | 3a | \$ |
| b If this application is for Forms 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit. | 3b | \$ |
| c Balance due. Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions. | 3c | \$ |

Caution. If you are going to make an electronic funds withdrawal (direct debit) with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

For Privacy Act and Paperwork Reduction Act Notice, see Instructions.

Form 8868 (Rev. 1-2014)

EEA

IRS e-file Signature Authorization
for an Exempt Organization

OMB No. 1545-1878

For calendar year 2015, or fiscal year beginning _____ and ending _____

▶ Do not send to the IRS. Keep for your records.

▶ Information about Form 8879-EO and its instructions is at www.irs.gov/form8879eo.

2015

Department of the Treasury

Internal Revenue Service

Name of exempt organization

Employer identification number

Life Options of West Tennessee, Inc

37-1553269

Name and title of officer

Charles Putnam, Vice-President

Part I Type of Return and Return Information (Whole Dollars Only)

Check the box for the return for which you are using this Form 8879-EO and enter the applicable amount, if any, from the return. If you check the box on line 1a, 2a, 3a, 4a, or 5a, below, and the amount on that line for the return being filed with this form was blank, then leave line 1b, 2b, 3b, 4b, or 5b, whichever is applicable, blank (do not enter -0-). But, if you entered -0- on the return, then enter -0- on the applicable line below. Do not complete more than 1 line in Part I.

| | | | |
|---|--|----|---------|
| 1a Form 990 check here ▶ <input type="checkbox"/> | b Total revenue, if any (Form 990, Part VIII, column (A), line 12) | 1b | |
| 2a Form 990-EZ check here ▶ <input checked="" type="checkbox"/> | b Total revenue, if any (Form 990-EZ, line 9) | 2b | 154,672 |
| 3a Form 1120-POL check here ▶ <input type="checkbox"/> | b Total tax (Form 1120-POL, line 22) | 3b | |
| 4a Form 990-PF check here ▶ <input type="checkbox"/> | b Tax based on investment income (Form 990-PF, Part VI, line 5) | 4b | |
| 5a Form 8868 check here ▶ <input type="checkbox"/> | b Balance Due (Form 8868, Part I, line 3c or Part II, line 8c) | 5b | |

Part II Declaration and Signature Authorization of Officer

Under penalties of perjury, I declare that I am an officer of the above organization and that I have examined a copy of the organization's 2015 electronic return and accompanying schedules and statements and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the organization's electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the organization's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund, if applicable. I authorize the U.S. Treasury and its designated Financial Agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the organization's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I have selected a personal identification number (PIN) as my signature for the organization's electronic return and, if applicable, the organization's consent to electronic funds withdrawal.

Officer's PIN: check one box only

☒ I authorize Amy K Baltimore CPA to enter my PIN 53269 as my signature
ERO firm name Enter five numbers, but do not enter all zeros

on the organization's tax year 2015 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I also authorize the aforementioned ERO to enter my PIN on the return's disclosure consent screen.

☐ As an officer of the organization, I will enter my PIN as my signature on the organization's tax year 2015 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I will enter my PIN on the return's disclosure consent screen.

Officer's signature ▶

Date ▶ 04-11-2016

Part III Certification and Authentication

ERO's EFIN/PIN. Enter your six-digit electronic filing identification number (EFIN) followed by your five-digit self-selected PIN.

482426 92100
do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2015 electronically filed return for the organization indicated above. I confirm that I am submitting this return in accordance with the requirements of Pub. 4163, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns.

ERO's signature ▶

Date ▶ 06-08-2016

ERO Must Retain This Form - See Instructions

Do Not Submit This Form To the IRS Unless Requested To Do So

For Paperwork Reduction Act Notice, see Instructions.

Form 8879-EO (2015)

EEA

990

Overflow Statement

2015
Page 1

Name(s) as shown on return

Life Options of West Tennessee, Inc

FEIN

37-1553269

| Description | Amount |
|---------------------------|-----------------|
| Beginning of year balance | \$ 10,568 |
| Less total payments | (3,600) |
| Add back in loan interest | 609 |
| Total: | \$ 7,577 |

Salaries and Wages

| Description | Amount |
|--------------------------|------------------|
| Gross Wages | \$ 80,904 |
| Employer Social Security | 5,016 |
| Employer Medicare | 1,173 |
| FUTA | 485 |
| Total: | \$ 87,578 |

14. Occupancy, Rent, Utilities and Maintenance

| Description | Amount |
|---------------|------------------|
| Insurance | \$ 2,509 |
| Phone | 3,556 |
| Rent | 7,455 |
| Total: | \$ 13,520 |

Proof Of Publication

THE LEADER

Serving All of Tipton County

150

111 S. Munford St.
PO Box 529
Covington, TN 38019
(901) 476-7116
(901) 476-0373 Fax

Invoice

| | | | |
|-----------------|---|-------------------|-----------------|
| Acct #: | Bradley Arant Boulton Cummings, LLP Roundabout Plaza 1600 Division Street, Suite 700 Nashville, TN 37203 | Date: | 9/6/2016 |
| Name: | | | |
| Address: | | Invoice #: | 506914 |

| Date | Description | Total |
|--------------|------------------------------|-----------------|
| 9/8/2016 | 4x7 - Notification of Intent | \$420.00 |
| TOTAL | | \$420.00 |

Thank you for your business! Please remit within 30 days to avoid service charges.

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Life Options of West Tennessee, Inc., a Tennessee non-profit corporation, intends to file an application for a Certificate of Need for the establishment of a new thirty (30) bed nursing home and the initiation of nursing home services. The facility will have no management company. The facility will be based on the Green House Project model and will consist of three (3) ten bed buildings.

The facility will be located on a lot which does not currently have a separate street address, such lot to be approximately 14.1 acres, which is composed of three parcels located at the south end of Grandview Drive in Brighton (Tipton County), Tennessee 38011, located approximately 0.3 mile south of the intersection of Old Highway 51 South and Grandview Drive, and also described as Parcels 097B B 016.00 (2.5 acres), 097B B 015.00 (7.21 acres), and 097B B 014.00 (4.39 acres), in the records of the Tipton County Tax Assessor.

There is no major medical equipment required for this project. If approved, the project and its beds will be licensed by the Tennessee Department of Health as nursing home beds and certified for participation in Medicare and Medicaid/TennCare. The estimated project cost is \$7,685,534.

The anticipated filing date of the application is on or before September 13, 2016. The contact person for this project is Christopher C. Puri, Attorney, who may be reached at Bradley Arant Boult Cummings LLP, 1600 Division Street, Suite 700, Nashville, TN 37203. Mr. Puri's telephone number is 615-252-4643 and his e-mail address is cpuri@bradley.com.

| | | |
|-----------|-------------------|-------------------|
| _____ | September 8, 2016 | cpuri@bradley.com |
| Signature | Date | E-mail Address |

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1); (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

8sept1w

Affidavit

AFFIDAVITSTATE OF TennesseeCOUNTY OF Shelby

Charles Putnam, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. §68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

[Signature]
SIGNATURE/TITLE

Sworn to and subscribed before me this 12th day of Sept., 2016 a Notary
(Month) (Year)

Public in and for the County/State of Shelby / Tennessee.

[Signature]
NOTARY PUBLIC

My commission expires 9-4, 2019
(Month/Day) (Year)



Supplemental #1 -COPY-

Life Options of West TN,
Inc.
CN1609-033

September 28, 2016

Mr. Phillip M. Earhart
HSDA Examiner
Tennessee Health Services and Development Agency
Andrew Jackson State Office Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

Re: Certificate of Need Application Life Options of West TN, Inc. (CN1609-033)
Responses to First Supplemental Questions

Dear Mr. Earhart:

This letter will serve as a response to your letter of September 16, 2016 requesting clarification or additional discussion as to our application for a Certificate of Need for the above-referenced matter. This letter has been reviewed by the Applicant, and an appropriate affidavit is attached.

Very truly yours,

BRADLEY ARANT BOULT CUMMINGS LLP



By:

Christopher Puri

Certificate of Need Application Life Options of West TN, Inc. (CN1609-033)
Responses to First Supplemental Questions

1. Section A., Executive Summary, (6)

The applicant refers to a rural development loan and states it indicates favorable initial contact, proposed loan amount, expected interest rate, anticipated term of the loan, and any restrictions or conditions. However, the document appears to be a pre- application that does not contain the required elements. In addition, the document is located in Attachment C-Economic Feasibility-2 not as listed in the body of the application as Attachment C-Economic Feasibility-1. Please clarify.

RESPONSE: The Applicant does not have a website address. A replacement page noting "Not Applicable" is submitted. Please see Attachment First Supplemental Question 1, replacing Bates page 1 in the original application.

2. Section 6B.(1) Plot Plan

The plot plan is noted. However, the plot plan is not legible and is confusing. Please provide a legible **simple** line drawing that includes all the required elements.

RESPONSE: Please see Attachment First Supplemental Question 2, supplementing the Plot Plan maps that were provided at Bates numbered pages 120-122 in the original application.

3. Section 6B. (2) Floor Plan

The floor plan is noted. However, the floor plan's shading does not match the legend that identifies each room. Please label rooms noting private or semi-private, ancillary areas, equipment areas, etc.

RESPONSE: Please see Attachment First Supplemental Question 3, replacing Bates numbered page 124 in the original application. Please note that all rooms will be private; each individual room is not labeled "private" for that reason, but areas have been designated so the shading (from the color original) is identifiable on the revised Floor Plan.

4. Section 10. (B) Bed Complement Data

The rows in the bed complement table do not match each listed bed type. It appears the proposed nursing home bed type will be "NF Medicaid Only". Please clarify and if

necessary provide a replacement page 11 that includes a revised bed complement data section.

RESPONSE: The formatting in the bed compliment chart is misaligned. All of the thirty (30) proposed beds will be "Nursing Home – SNF/NF (dually certified Medicare/Medicaid)" indicated on Line 17. Please see Attachment First Supplemental Question 4, replacing Bates numbered page 11 in the original application.

5. Section 12. Square Footage and Cost per Square Footage Chart

The square footage and cost per square footage chart for one of three proposed 10 bed homes as part of the requested 30 bed nursing home beds is noted. However, please provide an additional square footage and cost per square footage chart for the total project.

RESPONSE: A cost per square footage chart showing square footage and costs for the entire project is included as Attachment First Supplemental Question 5, replacing Bates numbered page 13 in the original application.

6. Section B, Need, Item 1.a. (Nursing Home-Service Specific Criteria-)

The applicant responded to the nursing home project specific criteria by not listing the question and providing a response to each individual question. Please revise the nursing Home Service Specific Criteria responses by listing each question and providing a response underneath.

RESPONSE: A revised Section B with nursing home specific criteria and responses inserted is included as Attachment First Supplemental Question 6, replacing Bates numbered pages 15-21 in the original application.

7. Section B, Need Item 1. Nursing Home-Service Specific Criteria- Existing Nursing Home Capacity (4).

It is noted the applicant listed Covington Care Nursing and Rehabilitation Center twice as the two existing nursing homes located in Tipton County. Please correct and provide a replacement page 3.

Please provide the latest licensed occupancy percentages for Covington Care Nursing and Rehabilitation Center, Inc. and River Terrace Health and Rehab Center.

RESPONSE: The sentence on Bates numbered page 3, "Covington Care Nursing and Rehabilitation Center, Inc. has ninety-eight (98) beds and Covington Care Nursing and Rehabilitation Center, Inc. has one-hundred and fifty-six (156) beds." should read:

Covington Care Nursing and Rehabilitation Center, Inc. has ninety-eight (98) beds and River Terrace Health and Rehab Center (which until May 2016 was called Covington Health Care and Rehabilitation, Inc.) has one-hundred and fifty-six (156) beds.

A revised page included as Attachment First Supplemental Question 7, replacing Bates numbered page 3 in the original application.

Brecht Associates reported as part of its June 2016 market feasibility study the following more current occupancy numbers (see Brecht Market Feasibility Study Excerpts, Appendix pp. B-10 & B-14):

- Covington Care reported to Brecht a June 2016 occupancy of 89%
- River Terrace reported to Brecht a June 2016 occupancy of 80% (noting that some of its rooms are closed for renovations and that was the percentage of available rooms)

8. Section B, Need Item 1. Nursing Home-Service Specific Criteria- Community Linkage Plan (10).

Please clarify if the applicant has any letters of unmet need from providers located in Tipton County.

RESPONSE: Yes. As part of its loan application to the USDA, the Applicant obtained a number of certificates of support for the project from local community leaders, which are attached as Attachment First Supplemental Question 8. Includes with those letters is a statement of support from Sam Lynd, the CEO of Baptist Memorial Hospital-Tipton. As you read in his statement, Mr. Lynd is in strong support of the project and its need, stating:

As the county's only hospital, we promote the advancement and evolution of health care services in Tipton County. This project will help to drive improvements in post-acute care in Tipton County and across the region, if executed with the success realized in other markets. Post-acute care is certainly needed in our service area and I hope this project will drive existing providers to evolve their own care delivery models so we can grow our ability to keep our patients healthy and most importantly, with a higher quality of life.

9. Section B, Need Item 1. Nursing Home-Service Specific Criteria- Additional Occupancy Rate Standards (14).

Please list each part of this question (a,b,c) and provide a response underneath.

RESPONSE:

14. Additional Occupancy Rate Standards:

- a. *An applicant that is seeking to add or change bed component within a Service Area should show how it projects to maintain an average occupancy rate for all licensed beds of at least 90 percent after two years of operation.*
- b. *There should be no additional nursing home beds approved for a Service Area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 90 percent. In determining the Service Area's occupancy rate, the HSDA may choose not to consider the occupancy rate of any nursing home in the proposed Service Area that has been identified by the TOH Regional Administrator as consistently noncomplying with quality assurance regulations, based on factors such as deficiency numbers outside of an average range or standards of the Medicare 5 Star program.*
- c. *A nursing home seeking approval to expand its bed capacity should have maintained an occupancy rate of 90 percent for the previous year.*

Rationale: *The Division believes reducing the occupancy rates from 95 to 90 percent in numbers 14b and 14c more accurately reflects overall occupancy in the state, and also would take into consideration some increasing vacancy rates that current nursing homes may be experiencing due to decreasing admissions overall and increasing patient turnover due to short-stay patients.*

RESPONSE:

- (a) In response to Standard 14(a), the Applicant is seeking to add or change bed components within a Service Area and it does project it will maintain an average occupancy rate for all its licensed beds of at least ninety percent (90%) after two years of operation. The Applicant projects it will have 10,404 patient days in Year 2 which equates to a ninety-five percent (95%) occupancy rate. Based on the demand for other Green House facilities, this occupancy rate is well supported. On September 12, 2016, the Applicant contacted the two existing Green House facilities and surveyed them on the following two questions:

- 1) Are the units/beds in your Green House at full occupancy at the moment?
- 2) Generally, do units/beds in your Green House stay full all the time?

In response, Ave Maria reported to the Applicant all of their Green House beds were at full occupancy and yes, they do stay full all of the time. Jefferson County Nursing Home also reported their Green House beds are full currently and yes they do stay full. Jefferson County also reported they have an internal "interest list" of about thirty-three (33) current residents who wish to move at some point to a Green House unit.

In response to Standard 14(b), the statistical data does indicate the two existing facilities are not at historical annual occupancy percentage of ninety percent (90%). However, Brecht Associates reported as part of its June 2016 market feasibility study the following more current occupancy numbers (see Brecht Market Feasibility Study Excerpts, Appendix B-14):

- Covington Care reported to Brecht a June 2016 occupancy of 89%
- River Terrace reported to Brecht a June 2016 occupancy of 80% (noting that some of its rooms are closed for renovations and that was the percentage of available rooms)

(b) The Applicant's statistical analysis and explanations within the application demonstrate the occupancy factor of those facilities are not being driven by a lack of need in the service area. As noted above in the response to Standard 4 above, there is an overwhelming need for additional nursing home beds in the community, as demonstrated a projected need for 119-194 beds during the next four years.

Moreover, as noted in the standard, it is suggested the Agency carefully consider whether it allow the low occupancy of certain facilities in the area to affect the ability of a new provider to come into the market, and especially one with a transformative new model of care. Therefore, the HSDA should exercise its authority under the standard and choose not to consider the occupancy rate of River Terrace Health and Rehab Center, which according to Nursing Home Compare, the facility rated as a one star facility (out of five), with health inspection and staffing ratings also being one star. Whether an accurate rating or not, can and does affect the public perception of the facility's services.

The most important consideration for the Agency is the overall intent of the guidelines directing the Agency to carefully consider whether it is "orderly development" to allow the low occupancy of certain facilities in the area to affect the ability of a new provider to come into the market, especially when the proposed new project introduces a new and transformative model of care. The standards relating to ninety percent (90%) occupancy are only a general guide to the determination of whether a new project should be approved. They are not a binding criteria to be applied without consideration of the proposal and the service area's needs. The Applicant supports its position by noting that Standard 4, which more specifically addresses existing nursing home capacity than Standard 14 notes,

"An applicant may be able to make a case for licensed beds if, for example, specific ancillary services or bed types are lacking in a proposed Service Area, whether or not all nursing homes in a Service Area have Occupancy Rates at or above 90%."

In addition, at Standard 3, the guidelines state:

"...nursing home patients often select a facility based on the proximity of caregivers and family members, as well as the proximity of the facility, factors other than travel time may be considered by the HSDA."

The applicant's proposed Green House will not have a marked negative effect on the existing facilities. The Applicant proposes a service area of Tipton County, but as indicated in the market study prepared for the project, individuals in the core service area do not believe the current service capacity is overall meeting the needs. The applicant's market study by Brecht Associates listed the following findings:

Qualitative Interviews

Interviews were conducted with an external audience including a sampling of planning, senior services, health care, and municipal representatives in the Brighton area.

- Almost all respondents were unfamiliar with the Green House concept, however all were interested in being educated about it. Once educated, almost all were enthusiastic about the prospect of developing the GHHs as an alternative to a traditional nursing home. An education process in the market area to seniors and families is perceived as very necessary.*
- A majority of those interviewed feel there is a need for additional NF and AL beds, particularly in light of the aging Baby Boomers. Most cited the fact that there are typically waiting lists to move into the local nursing facilities and that there is little available in the southern part of the county (Brighton and further south).*
- Some remarked that there is nothing similar to the GHH nursing concept in the market and that this would be unique and attractive to seniors. Several mentioned that the pricing of a new facility would need to be in line with that of existing competitors.*
- Benefits of GHHs were perceived to be readily available companionship, socialization, sense of belonging and support to address the challenges of lack of mobility and loneliness. The home like setting that is less institutional than in a traditional NF and the freedom to make their own choices and have individual (private) rooms is extremely important. Recreational space and the ability to get outside and have pets is welcomed.*

The lower than expected occupancy percentages at other existing facilities are not due to a lack of need in the community. The low occupancy ties to the perception of the services at those facilities, whether that public perception is accurate or not. As explained above in this response and in the response to Standard 4, the correct conclusion is that existing providers do not meet the

needs of the county residents. It is supported statistically by an overwhelming need for new nursing home beds despite lower than expected occupancy. It is supported by evidence of out-county migration of Tipton County residents seeking services, as noted in the response at Standard 4. It is supported by the two existing facilities being affected by a perception that they are outdated and inconsistent with the current state-of-the art design of nursing facilities, and particularly in the Green House model, which is vastly different from the existing facilities. It is supported by the market study findings excepted above. Lastly, it is supported by a statement of support from Sam Lynd, the CEO of Baptist Memorial Hospital-Tipton. As you read in his statement, Mr. Lynd is in strong support of the project and its need, stating:

As the county's only hospital, we promote the advancement and evolution of health care services in Tipton County. This project will help to drive improvements in post-acute care in Tipton County and across the region, if executed with the success realized in other markets. Post-acute care is certainly needed in our service area and I hope this project will drive existing providers to evolve their own care delivery models so we can grow our ability to keep our patients healthy and most importantly, with a higher quality of life.

The existing providers will not be impacted by any changes in the patient referral stream. Likely, they may be favorably impacted by the development of a continuum of care within Tipton County, because additional retirees will concentrate within the county and need long term care. Therefore, the additional nursing home beds will not be an independent factor affecting the existing providers or their occupancy.

The financial information provided in the Joint Annual Report also supports existing providers are profitable despite their reported lower than expected occupancy. According to the 2014 JARs, Covington Care reported a net profit of \$848,423.00 (not including depreciation). River Terrace (at the time Covington Health and Rehabilitation) did report a loss of approximately \$304,000.00, but when an average rate of depreciation is included on their \$7.5M of assets are included, they likely realized at least a modest profit. Therefore, the available financial information indicates lower than average occupancy does not appear to create an identifiable negative impact to the existing facilities.

c) Criteria C is not applicable to this project.

10. Section B, Need Item 3

Please complete the following table for the most recent reporting year.

| Service Area Counties | Projected Utilization-County Residents |
|------------------------------|---|
| Tipton | 100 |
| Lauderdale | 9 |
| Haywood | 1 |
| Fayette | 4 |
| Shelby | 32 |

| | |
|--------------|-----|
| Other | 8 |
| Total | 154 |

RESPONSE: Please see the charts above responding with the requested information.

11. Section B, Need Item 4.A Description of proposal population.

The applicant incorrectly labeled Section 4.A. and section 1.A. on the top of page 24. Please revise and provide a replacement page.

The table located on the bottom of page 24 is noted. However, the TennCare enrollee as a % of total is incorrect for Tipton County and the service area. Please revise and include changes in the submitted replacement page.

RESPONSE: Please see Attachment First Supplemental Question 11, which revises the items noted above and replaces Bates numbered page 24 in the original application. Please also see additional demographic information provided in the Brecht Market Feasibility Study Excerpts, Appendix A Demographic Data, attached to these responses.

12. Section B, Need Item 4.B Special Needs of proposal population.

The applicant speaks of waiting lists at existing area facilities. Please clarify where these waiting lists are located.

RESPONSE: Green House units in Tennessee stay at 100% occupancy and demonstrate very high excess demand. As part of its application preparation, the Applicant on September 12, 2016, the Applicant contacted the two existing Green House facilities and surveyed them on the following two questions:

1) Are the units/beds in your Green House at full occupancy at the moment?

2) Generally, do units/beds in your Green House stay full all the time?

In response, Ave Maria reported to the Applicant that all of their Green House beds were at full occupancy and “yes, they do stay full all of the time.” Jefferson County Nursing Home also reported that their Green House beds are full currently and they stay full all of the time. Jefferson County also reported that they have an internal “interest list” of about 33 current residents who wish to move at some point to a Green House unit.

Additionally, as part of its market feasibility study, Brecht Associates reported “We find that occupancy rates are generally acceptable in the SA (and slightly higher than those

in the Memphis MetroMarket3) and are exceptional at the nearest Green House (Ave Maria in Bartlett) which reports 100 percent occupancy and a several year waiting list. In addition, Ave Maria is expanding the number of Green Houses offered. (See Brecht Study Excerpts, p. 2-1 to 2-4)

13. Section C. Need, Item 5

Please complete the following table for **all** licensed nursing homes located in Tipton County:

| Nursing Home | 2016 Lic.'d Beds | 2012 Patient Days | 2013 Patient Days | 2014 Patient Days | '12-'14% Change | 2012 % Occ. | 2013 % Occ. | 2014 % Occ. |
|--|-------------------------|--------------------------|--------------------------|--------------------------|------------------------|--------------------|--------------------|--------------------|
| Covington Care Nursing and Rehabilitation Center, Inc. | 98 | 28,733 | 27,542 | 26,335 | -4% | 80.3% | 77.0% | 73.6% |
| River Terrace Health and Rehab Center | 156 | 51,408 | 41,435 | 34,173 | -18% | 90.3% | 72.8% | 60.0% |
| Total | 254 | 80,141 | 68,977 | 60,508 | -12% | 86.4% | 74.4% | 65.3% |

Please complete the following chart for **all** Tipton County nursing homes:

Service Area Nursing Home Utilization –Most Recent JAR

| Facility | Lic. Beds | SNF Beds- Medicare | SNF Beds- Medicare/ Medicaid | Other Lic. Beds | SNF Medicare ADC | SNF Medicaid ADC | SNF Other ADC | Non-Skilled Medicaid ADC | Non-Skilled All Other Payor ADC | Total ADC |
|--|------------------|---------------------------|-------------------------------------|------------------------|-------------------------|-------------------------|----------------------|---------------------------------|--|------------------|
| Covington Care Nursing and Rehabilitation Center, Inc. | 98 | 0 | 98 | 0 | 16.0 | 0.0 | 0.0 | 42.5 | 13.7 | 72.2 |
| River Terrace Health and Rehab Center | 156 | 0 | 156 | 0 | 8.6 | 1.4 | 0.5 | 76.0 | 7.1 | 93.6 |
| Total | 254 | 0 | 156 | 0 | 24.6 | 1.4 | 0.5 | 118.5 | 20.8 | 165.8 |

RESPONSE: Please see the charts above responding with the requested information.

14. Section C. Need, Item 6

Please provide the details regarding the methodology used to project utilization. The methodology must include detailed calculations or documentation from referral sources, and identification of all assumptions.

In addition, please complete the following table.

| | Licensed Beds | *Medicare-certified beds | SNF Medicare ADC | Other skilled ADC | Non skilled ADC | Total ADC | Licensed Occupancy % |
|---------|----------------------|---------------------------------|-------------------------|--------------------------|------------------------|------------------|-----------------------------|
| Year 1- | 30 | 30 | 10.78 | 6.86 | 6.86 | 24.5 | 82% |
| Year 2- | 30 | 30 | 13.11 | 7.70 | 7.70 | 28.5 | 95% |

RESPONSE: The requested chart is completed above.

Please also see page 37 of the original application and corrected page 37 at Attachment First Supplemental Question 14 included with these responses. With respect to the chart above, the projections of "other skilled and non-skilled ADC" are estimated because the categories of TennCare/Medicaid and Self/Private Pay that the Applicant used in its projections would include some individuals with a continuum of needs that would include both skilled and non-skilled services. Those projections were not broken down to that level of detail. To complete the requested chart, the Applicant totaled the non-Medicare projections and assumed an equal skilled/non-skilled split for those residents.

With respect to the methodology and assumptions, the Applicant's market feasibility study included an analysis of discharge data from a number of hospitals (see attached Brecht Appendix D) that included data from the American Hospital Directory® (AHD). The AHD hospital information includes both public and private sources such as Medicare claims data, hospital cost reports, and commercial licensors. This source provides data and statistics about more than 6,000 hospitals nationwide including discharge data by zip codes within the service area. The project also used the Green House Project's proprietary feasibility and projections model as part of the support provided by that organization to the applicant. The applicant receives input from a local nursing home administrator who is assisting the project and knows historical and current referral and occupancy patterns. Lastly, the applicant factored into its projections the 100% occupancy of the two existing Green House nursing home units in Tennessee.

15. Section C. Economic Feasibility 1 (Project Cost Chart)

Please specify what costs are included in the total amount of \$837,114 in line A.9.

RESPONSE: The "Other" line was inadvertently not labeled. The \$837,114 includes costs such as a development fee, property taxes and title fees, and miscellaneous fees to the Green House project.

16. Section C. Economic Feasibility 1.E-Architect's Letter

Please submit a more legible copy of the Architect's letter.

RESPONSE: A more legible copy of the Architect's Letter Attachment First Supplemental Question 16, replacing Bates numbered pages 128-29 in the original application.

17. Section C. Economic Feasibility Item 2

It is noted the proposal will be funded through the United States Department of Agriculture Rural Development Community Facilities Loan Program. However, the documentation does not indicate the expected interest rate, anticipated term of the loan, and any restrictions or conditions for the funding. Furthermore, the documentation appears to be a notice of pre-application review and only indicates the applicant is eligible for funding and can compete with similar applications from other grantees, must file a formal application by January 1, 2017, and must participate in a pre-application conference on October 3, 2016. With this in mind, it appears funding for this project is questionable. Please provide an alternative funding source for the proposed project if the Rural Development loan described in the application is not provided. The funding letter must include all the requirements as described in the application.

RESPONSE: Please find within Attachment First Supplemental Question 17, additional email correspondence from Joshua Wilkerson, who has been the lead contact with the Applicant's USDA loan process. Note that Mr. Wilkerson's correspondence confirms a total loan amount of \$14,545,000, a current interest rate of 2.750% that is updated quarterly based on the bond market, and a projected loan length of forty (40) years. This loan amount corresponds to the total project costs and not solely to the pieces under CON approval. The documentation included with the original CON application is labeled "pre-application review", but the applicant has filed with the USDA its application. The Applicant filed its loan application package, including the SF 424 Application for Federal Assistance with the USDA on July 15, 2016. This package included approximately 380 pages of additional financial, architectural, construction, and other documentation. The Applicant has also had numerous meetings with the USDA through the loan approval process, with an additional meeting scheduled for October 3, 2016 in Jackson, Tennessee. The loan application meets a threshold amount which requires approval from the main Washington, D.C. office of the USDA. At this point in the process, the attached documentation is the extent of approval the USDA will issue regarding the loan approval.

With respect to an alternative funding source, there is likely not commercially available financing for the proposed project. The Applicant has received and submitted several

letters regarding declination of commercial financing as part of its USDA loan application. Most importantly, the Applicant was directed to the USDA program by the Green House Project specifically because the project is a model project for funding by the Rural Development program of the USDA.

18. Section C. Economic Feasibility Item 4 Projected Data Chart

Total Operating Expenses that total \$2,699,663 in D.6 in Year 2017 appear to be incorrect. Please correct and include in a revised Projected Data Chart.

There are two lines for Net Income (loss) with differing numbers in the Projected Data Chart. Please clarify and incorporate any changes in a revised Projected Data Chart.

RESPONSE: Please find a revised Projected Data Chart included as Attachment First Supplemental Question 18, replacing pages 35-36 in the original application. The Year 2017 total operating expenses in Year 2017 are correct. The lines for Net Income (loss) were printed incorrectly; the correct totals are (90,044) for 2017 and 261,904 for 2018.

19. Section C, Economic Feasibility, Item 5.A. and 5.B.

The applicant provided three charts on page 37 using inpatient charges only. Please revise all three charts on page 37 and submit a replacement page using figures from the Projected Data Chart for the total proposed project rather than from inpatient services only.

RESPONSE: Please find a revised charts using gross operating revenue figures, included as Attachment First Supplemental Question 19, replacing page 37 in the original application.

20. Section C, Economic Feasibility, Item 7

The chart of payor sources on the bottom of page 39 is noted. However, please calculate the payor source for the proposal's first year of operation for the total project instead of inpatient services only. Please revise and submit a replacement page 39.

RESPONSE: Please find a revised chart of payor sources using gross operating revenue figures, included as Attachment First Supplemental Question 20, replacing page 39 in the original application.

21. Section C, Economic Feasibility, Item 8

The table of direct and non-direct patient care on the bottom of page 40 is noted. However, the total Projected FTEs for Year One for patient and non-patient care positions appears incorrect. In addition, please provide totals for "Total Employees (A+B)" in Section B. (Non-Patient Care Positions). Also, please explain the reason there is a random total of 365,936 in Section C. "Contractual Staff" on the top of page 41. Please revise and submit a replacement page 40-41.

RESPONSE: Please find revised charts for Projected FTEs as Attachment First Supplemental Question 21, replacing pages 40-41 in the original application.

22. Section C, Orderly Development, Item 3.A

The applicant projects 2.80 RN FTE's in Year One but estimates 1.06 potential candidates available. Please clarify.

Also, please clarify if the last sentence on the bottom of page 44 was intended to states "1.06 potential candidates per job opening for registered nurses".

RESPONSE: The estimation of 1.06 potential candidates available equates to more than one registered nurse available as a candidate for each available and existing job opening. Therefore, with the desirability of the project as described in the application, and a slightly more than 1:1 ratio of workers to positions, the Applicant believes the available workforce exists within the service area and applicable area from which employees would likely to be drawn.

The last sentence at the bottom of page 44 should have read: "For registered nurses, as of September 2016 statistics, Tipton County ranks as the 27th county in terms of job openings per candidates, with an estimate of 1.06 potential candidates per job opening for registered nurses."

23. Section C, Orderly Development, Item 4

It is noted the applicant will seek certification as a skilled nursing facility. Please clarify how skilled services such as speech, occupational, and physical therapy, etc. will be provided in the proposed nursing home.

RESPONSE: Therapy services are planned to be provided under contract with a professional therapy services provider. This type of arrangement is typical for most skilled nursing facilities.

24. Proof of Publication

Please submit a copy of the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit which is supplied by the newspaper as proof of the publication of the letter of intent.

169

14

EVIDENCE OF LOCAL GOVERNMENT SUPPORT

September 28, 2016

8:31 am

170

*Life**Options*

~ W.TN.INC.

May 24, 2016

Debra Moody
Representative State of TN
3176 Oil Mill Road
Covington, TN 38019

RE: USDA – Rural Development Community Facilities Application

Dear Ms. Moody:

Life Options of West TN, Inc. (non-profit corporation) has filed an application for financial assistance with the USDA – Rural Development. The specific purpose of this application is to provide funds to develop skilled nursing homes and assisted living homes through the Green House Project model at the Grandview subdivision in Brighton, TN. The Green House Project Model is that of residential homes and not institutions. The care will take place in a home environment much like their own. There will be long-term care and short-term (rehabilitation). Medicare, Medicaid and private pay will be accepted.

We are required to provide evidence to Rural Development of significant community support for our proposed project. All local government units within the proposed project service area are being contacted to provide a Certificate of Support. Providing the Certificate of Support does not require financial support. The Certificate of Support should include sufficient information to determine that a proposed community facility will provide needed services to the community and will have no adverse impact on other community facilities providing similar services. Please return this letter with the following "Certificate of Support" completed.

Sincerely,



Charles Putnam
Chairman of the Board
Life Options of West TN Inc.
(901) 347-3972 Ph (901) 907-0299 Fax
Website: mylifeoptions.org

Certificate of Support

Tipton County Tennessee supports the above-mentioned project. The proposed project will provided needed services and will have no adverse impact on other facilities providing similar services. Additional comments are as follows:

Providing care for our senior population is not a "one size fits all" process. I see the need for this option and offer my support for it.


State Representative

6-4-16
Date

Clerk/Secretary

Life
Options
~ W.TN.INC.

May 15, 2016

City of Munford
Mayor Dwayne Cole
1397 Munford Avenue
Munford, TN 38058

RE: USDA – Rural Development Community Facilities Application

Dear Mr. Cole:

Life Options of West TN, Inc. (non-profit corporation) has filed an application for financial assistance with the USDA – Rural Development. The specific purpose of this application is to provide funds to develop skilled nursing homes and assisted living homes through the Green House Project model at the Grandview subdivision in Brighton, TN. The Green House Project Model is that of residential homes and not institutions. The care will take place in a home environment much like their own. There will be long-term care and short-term (rehabilitation). Medicare, Medicaid and private pay will be accepted.

We are required to provide evidence to Rural Development of significant community support for our proposed project. All local government units within the proposed project service area are being contacted to provide a Certificate of Support. Providing the Certificate of Support does not require financial support. The Certificate of Support should include sufficient information to determine that a proposed community facility will provide needed services to the community and will have no adverse impact on other community facilities providing similar services. Please return this letter with the following "Certificate of Support" completed.

Sincerely,



Charles Putnam
Chairman of the Board
Life Options of West TN Inc.
2600 Poplar Avenue, Suite 112
Memphis, TN 38112
(901) 347-3972 Ph (901) 907-0288 Fax
Website: mylifeoptions.org

*Life**Options*

~ W.TN.INC.

Certificate of Support

The City of Munford supports the above-mentioned project. The proposed project will provided needed services and will have no adverse impact on other facilities providing similar services. Additional comments are as follows:

I BELIEVE THIS PROJECT WILL MEET AN UNFULFILLED NEED
IN OUR COMMUNITY. WITH AN ELDERLY MOTHER, I CAN APPRECIATE
THE SERVICES THAT WILL BE PROVIDED.

Dwayne Able

Dwayne Able

Mayor/Chairperson

6.2.2016

Date


Clerk/Secretary

*Life**Options*

~ W.TN.INC.

Certificate of Support

The City of Covington supports the above-mentioned project. The proposed project will provided needed services and will have no adverse impact on other facilities providing similar services. Additional comments are as follows:



Mayor/Chairperson

Date

Clerk/Secretary

*Life**Options*


~ W.TN.INC.

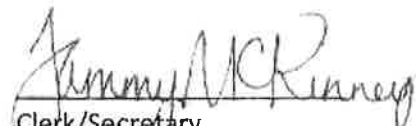
Certificate of Support

The City of Brighton supports the above-mentioned project. The proposed project will provided needed services and will have no adverse impact on other facilities providing similar services. Additional comments are as follows:

Brighton is excited to have this company
come in and build in our town. There is a
desperate need in our area.


Mayor/Chairperson


Date


Clerk/Secretary

September 28, 2016**8:31 am**

176

*Life**Options*

~ W.TN.INC.

May 15, 2016

Town of Atoka
Mayor Daryl Walker
334 Atoka Munford Avenue
Atoka, TN 38004

RE: USDA – Rural Development Community Facilities Application

Dear Mr. Walker:

Life Options of West TN, Inc. (non-profit corporation) has filed an application for financial assistance with the USDA – Rural Development. The specific purpose of this application is to provide funds to develop skilled nursing homes and assisted living homes through the Green House Project model at the Grandview subdivision in Brighton, TN. The Green House Project Model is that of residential homes and not institutions. The care will take place in a home environment much like their own. There will be long-term care and short-term (rehabilitation). Medicare, Medicaid and private pay will be accepted.

We are required to provide evidence to Rural Development of significant community support for our proposed project. All local government units within the proposed project service area are being contacted to provide a Certificate of Support. Providing the Certificate of Support does not require financial support. The Certificate of Support should include sufficient information to determine that a proposed community facility will provide needed services to the community and will have no adverse impact on other community facilities providing similar services. Please return this letter with the following "Certificate of Support" completed.

Sincerely,

Charles Putnam, LCSW
Chairman of the Board
Life Options of West TN Inc.
2600 Poplar Avenue, Suite 112
Memphis, TN 38112
(901)347-3972 Ph (901) 907-0299 Fax
Website: mylifeoptions.org

177

*Life**Options*

~ W.TN.INC.

Certificate of Support

The Town of Atoka supports the above-mentioned project. The proposed project will provided needed services and will have no adverse impact on other facilities providing similar services. Additional comments are as follows:



Mayor/Chairperson

06/07/2016

Date

Clerk/Secretary

September 28, 2016

8:31 am

178

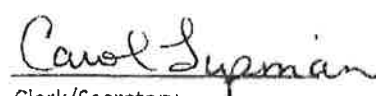
*Life
Options*

W.TN.INC.

Certificate of SupportBaptist Memorial Hospital - Tipton

The Town of Atoka supports the above-mentioned project. The proposed project will provide needed services and will have no adverse impact on other facilities providing similar services. Additional comments are as follows:

As the county's only hospital, we promote the advancement and evolution of health care services in Tipton County. This project will help to drive improvement in post-acute care in Tipton County and across the region, if executed with the success realized in other markets. Post acute care is certainly needed in our service area and I hope this project will drive existing providers to evolve their own care delivery models so we can grow our ability to keep our patients healthy and most importantly, with a higher quality of life.


Mayor/Chairperson7/10/16
Date
Clerk/Secretary

179

CN1609-033

Life Options of West TN, Inc.

Attachment First Supplemental
Question 17

September 28, 2016**8:31 am****Puri, Christopher****180**

From: Wilkerson, Joshua - RD, Jackson, TN <Joshua.Wilkerson@tn.usda.gov>
Sent: Tuesday, September 20, 2016 10:55 AM
To: Puri, Christopher
Cc: Billy Reed; Regi McDow; Charles Putnam; Armstrong, Arlisa - RD, Jackson, TN; Payne, Clyde - RD - Nashville, TN
Subject: Life Options of West Tennessee, Inc. - \$14,545,000 CF Loan - Brighton Green House Project

[This message is from outside Bradley. Exercise caution in opening attachments or links.]

Mr. Puri,

The United States Department of Agriculture Rural Development Community Facilities Direct Loan & Grant program provides affordable funding to develop essential community facilities in rural areas. An essential community facility is defined as a facility that provides an essential service to the local community for the orderly development of the community in a primarily rural area.

Loan repayment terms may not be longer than the useful life of the facility, or a maximum of 40 years. The useful life of the facility will be determined by a licensed architect or engineer and provided to USDA Rural Development in a preliminary architectural report. Based on the preliminary architectural report stamped July 15, 2016 by J. Randy McKinnon (License No. 104573), USDA Rural Development anticipates a useful life of 40 years for the Life Options of West Tennessee, Inc. Brighton Green House Project.

Interest rates are determined by the bond markets and are updated and adjusted on a quarterly basis. Effective July 1, 2016, through September 30, 2016, the current Market Rate for Community Facility Direct Loans is 2.750%. The interest rate is fixed for the entire term of the loan. There are no pre-payment penalties.

If you require further information concerning the regulations governing this program, please consult the Code of Federal Regulations 7 CFR Part 1942, Subpart A.

Thank you,

Joshua A. Wilkerson

Area Specialist

Jackson Area Office

Rural Development

United States Department of Agriculture

Tel: 731.668.2091 ext. 102 | Fax: 855.776.7054

www.rd.usda.gov/tn

Stay Connected with USDA in Tennessee:



USDA is an equal opportunity provider and employer.

[Click here to view or download our 2015 Program Guide](#)

September 28, 2016

8:31 am

181

This electronic message contains information generated by the USDA solely for the intended recipients. Any unauthorized interception of this message or the use or disclosure of the information it contains may violate the law and subject the violator to civil or criminal penalties. If you believe you have received this message in error, please notify the sender and delete the email immediately.

Confidentiality Notice: This e-mail is from a law firm and may be protected by the attorney-client or work product privileges. If you have received this message in error, please notify the sender by replying to this e-mail and then delete it from your computer.

CN1609-033
Life Options of West TN, Inc.

Attachment First Supplemental

**Brecht Market Feasibility
Study Excerpts**

**MARKET STUDY
FOR
LIFE OPTIONS OF WEST TENNESSEE
GREEN HOUSES®**

Submitted By:

**Brecht Associates, Inc.
419 Riverside Drive
Pine Beach, NJ 08741
Telephone: 215-219-2216**

June 2016

DRAFT

In order to address the above objectives, Brecht Associates, Inc. conducted a market depth analysis for Assisted Living (AL), Memory Care (MC) in AL, Nursing (NF), Nursing MC and Rehab analysis. The study consisted of the following tasks.

- A review of pertinent data related to the proposed Project.
- Definition of the target Market Area (MA).
- Demographic analysis of the population within the MA including the elderly population age 65+ and 75+, household income trends, and the adult child market.
- Identification and telephone survey of AL, MC and NF facilities within and immediately proximate to the MA, visits to three competitive NFs and identification of any planned competition and any projects that have opened recently.
- An onsite visit to the Project site and the surrounding area to gain insight into the attributes of the site. This visit also provided the opportunity to interview key representatives of Life Options.
- External interviews with a range of local community leaders and senior services professionals. These interviews provided a context for the analysis of quantitative data and identified issues that quantitative data do not address, such as the following.
 - The perceptions of the site and its surrounding area.
 - Levels of understanding of the Green House concept by the general public and seniors.
 - The impression and positioning of the Project and its quality of care.
 - Impressions of other competitive communities.
 - The need for and acceptance of AL, MC, NF and Rehab.
 - Desired amenities, programming services.
- Quantitative market depth analysis for AL, MC and NF (all payors, private pay and memory care) and Rehab in the year of analysis 2018.
- Findings and recommendations as they relate to quantitative and qualitative demand for the Project.

We have completed these tasks and present our analyses, findings, conclusions and recommendations within this report.

SUMMARY OF FINDINGS AND RECOMMENDATIONS

SIGNIFICANT FINDINGS

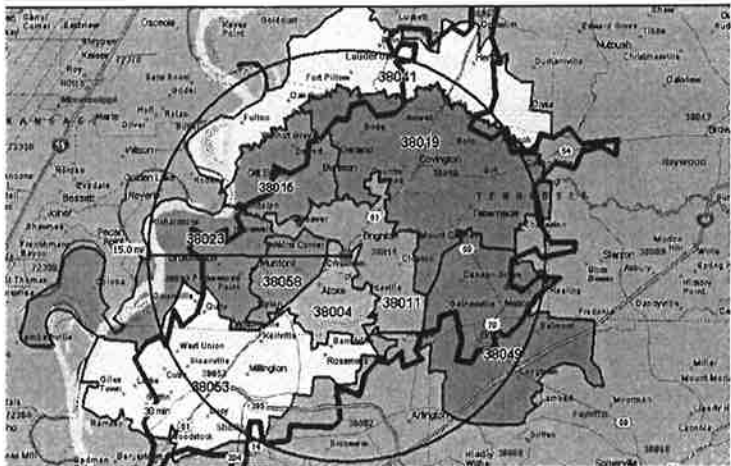
Area and Site Evaluation and Perceptions

The Project site seems ideally suited to senior housing, particularly residences that provide for the personal and health care needs of its residents. The site will be part of a larger complex of commercial buildings that provide retail health and wellness services and supplies to the general population of in Brighton and surrounding areas. However, the location of the property, set to the back of the complex, with its serene setting and views of the lake is ideal for seniors who are seeking tranquility, healing and access to outdoor space. The concept of Green Houses, in this case six separate homes, is consistent with the residential, “small town” feel of the village of Brighton.

Seniors from Brighton are thought to want to stay in Brighton and would welcome the GHs rather than relocate elsewhere for senior housing. Respondents noted the lack of shopping and services in Brighton, particularly a library. However, this is not seen as a deterrent to the development of the Project as each respondent offered a nearby alternative location that can be easily accessed.

Market Area (MA)

The MA consists of a total of nine zip codes with seven zip codes in Tipton County, Tennessee, one zip code in Shelby County (38053), one zip code in Lauderdale County and a portion of one zip code in Fayette County (38049). The Project site is located in the center of the MA in zip code 38011 along Route 51, a four lane divided highway that is the main thoroughfare running north to south in Tipton County. This central location makes it easily accessible from all areas within the MA. The MA is bounded to the west by the Mississippi River and to the east by Haywood County. Interstate 40 (I-40) loosely bounds the MA to the southeast.



- It is based on local hospital data for patient draw and interviews with those knowledgeable as to the area and traffic and population movement patterns such as municipal planners. Those interviewed perceived that seniors are familiar with and would be willing to move to the Project from all area in Tipton County, Henning in Lauderdale County and Millington in Shelby County.

Qualitative Interviews

Interviews were conducted with an external audience including a sampling of planning, senior services, health care, and municipal representatives in the Brighton area.

- Almost all respondents were unfamiliar with the Green House concept, however all were interested in being educated about it. Once educated, almost all were enthusiastic about the prospect of developing the GHs as an alternative to a traditional nursing home. An education process in the market area to seniors and families is perceived as very necessary.
- A majority of those interviewed feel there is a need for additional NF and AL beds, particularly in light of the aging Baby Boomers. Most cited the fact that there are typically waiting lists to move into the local nursing facilities and that there is little available in the southern part of the county (Brighton and further south).
- Some remarked that there is nothing similar to the GH nursing concept in the market and that this would be unique and attractive to seniors. Several mentioned that the pricing of a new facility would need to be in line with that of existing competitors.
- Benefits of GHs were perceived to be readily available companionship, socialization, sense of belonging and support to address the challenges of lack of mobility and loneliness. The home like setting that is less institutional than in a traditional NF and the freedom to make their own choices and have individual (private) rooms is extremely important. Recreational space and the ability to get outside and have pets is welcomed.

Demographic Analysis

An analysis was conducted of the demographic characteristics within the MA. Demographic findings are very positive reflecting an overall increase from 2016 to 2021 in total population, 65 to 74, 65+ and 75+ populations and 65+ and 75+ target households.

- The total population within the MA is projected to increase by 0.3 percent annually (93,277 to 94,629) between 2016 and 2021.
- Those 65+ are the target population for an NF. In the MA, the number of 65+ individuals will increase 3.4 percent annually. The target population age 75+ (for AL and MC) within the MA is estimated to increase at a rate of 3.5 percent annually.

- Households age 65+ with incomes of \$100,000+ are the approximate target market¹ for private pay nursing beds in 2021. In 2016, 10.8 percent (884 households) of total 65+ households have this annual income. This increases significantly to 14.3 percent in 2021.
- Those households age 75+ with annual incomes of \$50,000² number 882 (26.7%) in 2016 and increase to 1,158 (30.2%) in 2021. This is a considerable increase of 5.6 percent per year and is favorable for the Project.
- Millington has the greatest number of households \$50,000+ age 65+. Covington has the next greatest number of households at that income level (492). The Project site is located in Brighton which has 204 households 65+ at the income.
- Adult children households with annual incomes of \$150,000+ will increase significantly by 7.3 percent annually; these incomes may be sufficient to assist an elderly parent in affording the fees in a retirement community. and represent 16.0 percent of households in 2021. This is very favorable for the Project.

Competitive Environment

Assisted Living, memory care, nursing facilities were identified and surveyed.

- There is one assisted living facility in the MA and two located proximate to the MA. No facilities with a dedicated memory care units were found. Parkway Cove which is within the MA is licensed for 42 beds, is fully occupied and offers semi-private and private accommodations.
- There are three NF facilities within the MA and two immediately proximate. Those located proximate to the MA have been profiled, but are not considered competitive in the market demand analysis.
- All NFs facilities are traditionally designed with double-loaded corridors, visible nurse's stations with equipment such as medication carts in the hallways. The largest NF is River Terrace with 156 beds and the other two competitors are similar in size 85 to 88 beds). The newest facility, built in 1994, is Covington Care, which was last remodeled in 2015. Millington Healthcare Center recently remodeled its lobby and dining room and its rehab beds were renovated eight years ago. All NFs are less than fully occupied.

¹ The actual target market for 65+ nursing beds is \$107,000+ for renters. Due to limitations in the Claritas data, the nearest income bucket is \$100,000+. The target market for homeowners is \$57,000+.

² The target market for AL is households with \$57,000+ in annual income in 2018. Due to limitations in the Claritas data, the nearest income bucket is \$50,000+. The target market for MC is \$63,000+ in 2018.

Market Depth Analysis

The market feasibility study was conducted for assisted living and nursing beds. The depth of the market was determined for 2018 which is anticipated to be the first full year of occupancy at the Project. The following table displays the results of each analysis.

| TABLE 1 Market Feasibility Study Results 2018 | | | | |
|---|--|---------------------------------|--|----------------------|
| | <i>Assisted Living</i> | <i>Memory Care (in AL)</i> | <i>Nursing</i> | <i>Rehab</i> |
| Total Unit/Bed Potential | 25 to 52 (\$4,500/monthly fee) 17 to 33 (\$5,500/monthly fee) | 7 to 13 | <u>95 (In Total)</u> 20 (Memory Care) 30 (Private Pay) 30 (Medicaid) 15 (Other Insurance) | Gross Fair Share: 11 |
| Market Penetration Rate | Current (2016): 1.6% Future (2018) with Project: 6.4% | | 10.0% | Not applicable |
| Brecht Associates Inc. ® | | | | |

- The total unit/bed potentials (above) have been found to be sufficient to support a Project of up to 95 nursing beds. Also, up to 52 AL beds are also supported.
- Market Penetration Rates (MPRs) are low in the SA which is very favorable for the Project. This means that of the qualified seniors in the SA, only a small percentage are currently residing within existing AL and NF facilities.
- We find that occupancy rates are generally acceptable in the SA (and slightly higher than those in the Memphis MetroMarket³) and are exceptional at the nearest Green House (Ave Maria in Bartlett) which reports 100 percent occupancy and a several year waiting list. In addition, Ave Maria is expanding the number of Green Houses offered.
- According to the Tennessee Department of Health, Division of Policy, Planning and Assessment, the projected Medicare nursing bed need for Tipton County is 409.⁴

³ MetroMarket data for Memphis is obtained through NIC MAP, a national supplier of senior housing industry data.

⁴ Based upon 2015 UTCBER Project Series.

https://www.tn.gov/assets/entities/health/attachments/CON_Nursing_Home_Bed_Need.pdf. The Certificate of Need (CON) section of the Policy, Planning and Assessment includes this source among the informational references it uses during the CON evaluation process.

APPENDIX A
DEMOGRAPHIC DATA

Title Page

Data Version: 2016 Apr (Quick Market Insights - Advanced)

Report Generation Method: Single

Analysis Area: 38023 Drummonds, TN; 38053 Millington, TN; 38058 Munford, TN; 38004 Atoka, TN; 3...

Reporting Detail: Aggregate

Include Map: No

Include Charts: No

Report Sections:

Pop-Facts Summary

Pop-Facts Detail

Pop-Facts Housing Totals



| Population by: | Aggregate | |
|---------------------------|------------------|-------------------|
| | Total Population | Population Growth |
| Pop-Facts Summary | | |
| 2021 Projection | 94,629 | |
| 2016 Estimate | 93,227 | |
| 2010 Census | 92,557 | |
| 2000 Census | 83,317 | |
| Growth 2000 - 2010 | | 11.09% |
| Growth 2010 - 2016 | | 0.72% |
| Growth 2016 - 2021 | | 1.50% |

| Description | Aggregate | | | | | |
|---|----------------|--------|---------------|--------|---------------|--------|
| | 2000* / 2010** | | 2016 | | 2021 | |
| | Census | % | Estimate | % | Projection | % |
| Pop-Facts Detail | | | | | | |
| Population by Age** | | | | | | |
| Total Population | 92,557 | | 93,227 | | 94,629 | |
| Age 45 - 54 | 14,502 | 15.67% | 13,296 | 14.26% | 11,897 | 12.57% |
| Age 55 - 64 | 10,827 | 11.70% | 12,259 | 13.15% | 12,910 | 13.64% |
| Age 65 - 74 | 6,549 | 7.08% | 8,021 | 8.60% | 9,469 | 10.01% |
| Age 75 - 84 | 3,231 | 3.49% | 3,878 | 4.16% | 4,632 | 4.89% |
| Age 85 and over | 1,001 | 1.08% | 1,204 | 1.29% | 1,392 | 1.47% |
| Age 65 and over | 10,781 | 11.65% | 13,103 | 14.05% | 15,493 | 16.37% |
| Total Population, Male | | | | | | |
| Total Population, Male | 46,743 | | 47,196 | | 47,845 | |
| Age 45 - 54 | 7,219 | 15.44% | 6,639 | 14.07% | 5,924 | 12.38% |
| Age 55 - 64 | 5,290 | 11.32% | 5,938 | 12.58% | 6,248 | 13.06% |
| Age 65 - 74 | 3,071 | 6.57% | 3,778 | 8.00% | 4,416 | 9.23% |
| Age 75 - 84 | 1,350 | 2.89% | 1,667 | 3.53% | 1,997 | 4.17% |
| Age 85 and over | 315 | 0.67% | 417 | 0.88% | 492 | 1.03% |
| Age 65 and over | 4,736 | 10.13% | 5,862 | 12.42% | 6,905 | 14.43% |
| Total Population, Female | | | | | | |
| Total Population, Female | 45,814 | | 46,031 | | 46,784 | |
| Age 45 - 54 | 7,283 | 15.90% | 6,657 | 14.46% | 5,973 | 12.77% |
| Age 55 - 64 | 5,537 | 12.09% | 6,321 | 13.73% | 6,662 | 14.24% |
| Age 65 - 74 | 3,478 | 7.59% | 4,243 | 9.22% | 5,053 | 10.80% |
| Age 75 - 84 | 1,881 | 4.11% | 2,211 | 4.80% | 2,635 | 5.63% |
| Age 85 and over | 686 | 1.50% | 787 | 1.71% | 900 | 1.92% |
| Age 65 and over | 6,045 | 13.19% | 7,241 | 15.73% | 8,588 | 18.36% |
| Population by Single - Classification Race** | | | | | | |
| White Alone | 67,781 | | 67,478 | | 67,784 | |
| Age 65 and over | 8,879 | 13.10% | 10,823 | 16.04% | 12,635 | 18.64% |
| Black or African American Alone | 20,670 | | 20,848 | | 21,184 | |
| Age 65 and over | 1,654 | 8.00% | 1,950 | 9.35% | 2,390 | 11.28% |
| American Indian and Alaska Native Alone | 461 | | 460 | | 465 | |
| Age 65 and over | 46 | 9.98% | 50 | 10.87% | 50 | 10.75% |
| Asian Alone | 727 | | 763 | | 803 | |
| Age 65 and over | 65 | 8.94% | 82 | 10.75% | 93 | 11.58% |
| Native Hawaiian and Other Pacific Islander Alone | 81 | | 151 | | 218 | |

193

| Description | Aggregate | | | | | |
|-----------------------|----------------|-------|----------|-------|------------|--------|
| | 2000* / 2010** | | 2016 | | 2021 | |
| | Census | % | Estimate | % | Projection | % |
| Age 65 and over | 3 | 3.70% | 4 | 2.65% | 8 | 3.67% |
| Some Other Race Alone | 1,139 | | 1,350 | | 1,549 | |
| Age 65 and over | 15 | 1.32% | 26 | 1.93% | 51 | 3.29% |
| Two or More Races | 1,698 | | 2,177 | | 2,626 | |
| Age 65 and over | 111 | 6.54% | 181 | 8.31% | 268 | 10.21% |

Population by Hispanic or Latino**

| | | | | | | |
|------------------------|--------|-------|--------|-------|--------|-------|
| Hispanic or Latino | 2,650 | | 3,168 | | 3,682 | |
| Age 65 and over | 94 | 3.55% | 147 | 4.64% | 233 | 6.33% |
| Not Hispanic or Latino | 89,907 | | 90,059 | | 90,947 | |

Households by HH Income by Age of Householder*

| | | | | | | |
|------------------------------|----------|--------|----------|--------|----------|--------|
| Householder Age 45 - 54 | 5,918 | | 6,820 | | 5,956 | |
| Income Less than \$15,000 | 508 | 8.58% | 631 | 9.25% | 471 | 7.91% |
| Income \$15,000 - \$24,999 | 572 | 9.67% | 384 | 5.63% | 270 | 4.53% |
| Income \$25,000 - \$34,999 | 502 | 8.48% | 462 | 6.77% | 326 | 5.47% |
| Income \$35,000 - \$49,999 | 954 | 16.12% | 827 | 12.13% | 652 | 10.95% |
| Income \$50,000 - \$74,999 | 1,616 | 27.31% | 1,404 | 20.59% | 1,096 | 18.40% |
| Income \$75,000 - \$99,999 | 995 | 16.81% | 1,002 | 14.69% | 858 | 14.41% |
| Income \$100,000 - \$124,999 | 452 | 7.64% | 861 | 12.62% | 779 | 13.08% |
| Income \$125,000 - \$149,999 | 160 | 2.70% | 451 | 6.61% | 465 | 7.81% |
| Income \$150,000 - \$199,999 | 103 | 1.74% | 454 | 6.66% | 554 | 9.30% |
| Income \$200,000 or more | 56 | 0.95% | 344 | 5.04% | 485 | 8.14% |
| Median Household Income | \$56,544 | | \$69,694 | | \$79,749 | |

| | | | | | | |
|------------------------------|-------|--------|-------|--------|-------|--------|
| Householder Age 55 - 64 | 4,384 | | 6,907 | | 7,124 | |
| Income Less than \$15,000 | 570 | 13.00% | 772 | 11.18% | 695 | 9.76% |
| Income \$15,000 - \$24,999 | 530 | 12.09% | 499 | 7.22% | 438 | 6.15% |
| Income \$25,000 - \$34,999 | 561 | 12.80% | 536 | 7.76% | 465 | 6.53% |
| Income \$35,000 - \$49,999 | 719 | 16.40% | 916 | 13.26% | 870 | 12.21% |
| Income \$50,000 - \$74,999 | 1,014 | 23.13% | 1,393 | 20.17% | 1,304 | 18.30% |
| Income \$75,000 - \$99,999 | 539 | 12.29% | 953 | 13.80% | 973 | 13.66% |
| Income \$100,000 - \$124,999 | 258 | 5.89% | 750 | 10.86% | 819 | 11.50% |
| Income \$125,000 - \$149,999 | 56 | 1.28% | 409 | 5.92% | 503 | 7.06% |
| Income \$150,000 - \$199,999 | 71 | 1.62% | 392 | 5.68% | 583 | 8.18% |
| Income \$200,000 or more | 66 | 1.51% | 287 | 4.16% | 474 | 6.65% |

194

| Description | Aggregate | | | | | |
|------------------------------------|-----------------|--------|-----------------|--------|-----------------|--------|
| | 2000* / 2010** | | 2016 | | 2021 | |
| | Census | % | Estimate | % | Projection | % |
| Median Household Income | \$46,078 | | \$63,110 | | \$70,974 | |
| Householder Age 65 - 74 | 3,090 | | 4,904 | | 5,691 | |
| Income Less than \$15,000 | 835 | 27.02% | 477 | 9.73% | 485 | 8.52% |
| Income \$15,000 - \$24,999 | 504 | 16.31% | 724 | 14.76% | 739 | 12.99% |
| Income \$25,000 - \$34,999 | 436 | 14.11% | 578 | 11.79% | 600 | 10.54% |
| Income \$35,000 - \$49,999 | 537 | 17.38% | 780 | 15.91% | 914 | 16.06% |
| Income \$50,000 - \$74,999 | 465 | 15.05% | 1,044 | 21.29% | 1,174 | 20.63% |
| Income \$75,000 - \$99,999 | 106 | 3.43% | 622 | 12.68% | 747 | 13.13% |
| Income \$100,000 - \$124,999 | 34 | 1.10% | 296 | 6.04% | 382 | 6.71% |
| Income \$125,000 - \$149,999 | 46 | 1.49% | 212 | 4.32% | 319 | 5.61% |
| Income \$150,000 - \$199,999 | 61 | 1.97% | 84 | 1.71% | 153 | 2.69% |
| Income \$200,000 or more | 66 | 2.14% | 87 | 1.77% | 178 | 3.13% |
| Median Household Income | \$29,725 | | \$47,942 | | \$52,289 | |
| Householder Age 75 - 84 | 1,735 | | 2,557 | | 2,987 | |
| Income Less than \$15,000 | 727 | 41.90% | 410 | 16.03% | 444 | 14.86% |
| Income \$15,000 - \$24,999 | 354 | 20.40% | 623 | 24.36% | 670 | 22.43% |
| Income \$25,000 - \$34,999 | 190 | 10.95% | 384 | 15.02% | 422 | 14.13% |
| Income \$35,000 - \$49,999 | 182 | 10.49% | 408 | 15.96% | 496 | 16.61% |
| Income \$50,000 - \$74,999 | 189 | 10.89% | 367 | 14.35% | 445 | 14.90% |
| Income \$75,000 - \$99,999 | 38 | 2.19% | 199 | 7.78% | 246 | 8.24% |
| Income \$100,000 - \$124,999 | 23 | 1.33% | 66 | 2.58% | 90 | 3.01% |
| Income \$125,000 - \$149,999 | 0 | 0.00% | 58 | 2.27% | 92 | 3.08% |
| Income \$150,000 - \$199,999 | 6 | 0.35% | 21 | 0.82% | 42 | 1.41% |
| Income \$200,000 or more | 26 | 1.50% | 21 | 0.82% | 40 | 1.34% |
| Median Household Income | \$18,969 | | \$31,393 | | \$33,993 | |
| Householder Age 85 and over | 493 | | 746 | | 850 | |
| Income Less than \$15,000 | 253 | 51.32% | 175 | 20.59% | 187 | 22.00% |
| Income \$15,000 - \$24,999 | 100 | 20.28% | 209 | 24.59% | 222 | 26.12% |
| Income \$25,000 - \$34,999 | 46 | 9.33% | 119 | 14.00% | 124 | 14.59% |
| Income \$35,000 - \$49,999 | 41 | 8.32% | 93 | 10.94% | 114 | 13.41% |
| Income \$50,000 - \$74,999 | 36 | 7.30% | 75 | 8.82% | 93 | 10.94% |
| Income \$75,000 - \$99,999 | 9 | 1.83% | 36 | 4.24% | 47 | 5.53% |
| Income \$100,000 - \$124,999 | 3 | 0.61% | 20 | 2.35% | 26 | 3.06% |
| Income \$125,000 - \$149,999 | 0 | 0.00% | 13 | 1.53% | 19 | 2.24% |

| Description | Aggregate | | | | | |
|--------------------------------|-----------------|-------|-----------------|-------|-----------------|-------|
| | 2000* / 2010** | | 2016 | | 2021 | |
| | Census | % | Estimate | % | Projection | % |
| Income \$150,000 - \$199,999 | 1 | 0.20% | 3 | 0.35% | 7 | 0.82% |
| Income \$200,000 or more | 4 | 0.81% | 3 | 0.35% | 11 | 1.29% |
| Median Household Income | \$14,999 | | \$24,474 | | \$26,290 | |

Households by Household Income*

| | | | | | | |
|---------------------------------|-----------------|--------|-----------------|--------|-----------------|--------|
| Total Households | 28,694 | | 32,663 | | 33,238 | |
| Income Less than \$15,000 | 4,453 | 15.52% | 3,594 | 11.00% | 3,294 | 9.91% |
| Income \$15,000 - \$24,999 | 3,729 | 13.00% | 3,280 | 10.04% | 3,067 | 9.23% |
| Income \$25,000 - \$34,999 | 3,468 | 12.09% | 3,383 | 10.36% | 3,072 | 9.24% |
| Income \$35,000 - \$49,999 | 5,299 | 18.47% | 4,493 | 13.76% | 4,470 | 13.45% |
| Income \$50,000 - \$74,999 | 6,568 | 22.89% | 6,504 | 19.91% | 6,159 | 18.53% |
| Income \$75,000 - \$99,999 | 2,989 | 10.42% | 4,372 | 13.39% | 4,482 | 13.48% |
| Income \$100,000 - \$124,999 | 1,183 | 4.12% | 3,114 | 9.53% | 3,337 | 10.04% |
| Income \$125,000 - \$149,999 | 386 | 1.35% | 1,832 | 5.61% | 2,255 | 6.78% |
| Income \$150,000 - \$199,999 | 314 | 1.09% | 1,285 | 3.93% | 1,811 | 5.45% |
| Income \$200,000 - \$249,999 | 175 | 0.61% | 439 | 1.34% | 719 | 2.16% |
| Income \$250,000 - \$499,999 | 113 | 0.39% | 303 | 0.93% | 455 | 1.37% |
| Income \$500,000 or more | 17 | 0.06% | 64 | 0.20% | 117 | 0.35% |
| Average Household Income | \$50,095 | | \$68,256 | | \$75,747 | |
| Median Household Income | \$42,634 | | \$56,079 | | \$61,025 | |

Owner-Occupied Housing Units by Value*

| | | | | | | |
|---|---------------|--------|---------------|--------|---------------|--------|
| Total Owner-Occupied Housing Units | 21,072 | | 23,856 | | 24,311 | |
| Value Less than \$20,000 | 710 | 3.37% | 752 | 3.15% | 701 | 2.88% |
| Value \$20,000 - \$39,999 | 1,667 | 7.92% | 749 | 3.14% | 670 | 2.76% |
| Value \$40,000 - \$59,999 | 2,343 | 11.13% | 982 | 4.12% | 808 | 3.32% |
| Value \$60,000 - \$79,999 | 3,880 | 18.43% | 1,819 | 7.62% | 1,525 | 6.27% |
| Value \$80,000 - \$99,999 | 4,368 | 20.74% | 2,596 | 10.88% | 2,110 | 8.68% |
| Value \$100,000 - \$149,999 | 4,512 | 21.43% | 4,710 | 19.74% | 4,699 | 19.33% |
| Value \$150,000 - \$199,999 | 2,295 | 10.90% | 5,183 | 21.73% | 4,945 | 20.34% |
| Value \$200,000 - \$299,999 | 964 | 4.58% | 4,872 | 20.42% | 5,623 | 23.13% |
| Value \$300,000 - \$399,999 | 162 | 0.77% | 1,344 | 5.63% | 1,897 | 7.80% |
| Value \$400,000 - \$499,999 | 63 | 0.30% | 469 | 1.97% | 729 | 3.00% |
| Value \$500,000 - \$749,999 | 46 | 0.22% | 210 | 0.88% | 368 | 1.51% |
| Value \$750,000 - \$999,999 | 0 | 0.00% | 79 | 0.33% | 110 | 0.45% |
| Value \$1,000,000 or more | 62 | 0.29% | 91 | 0.38% | 126 | 0.52% |

| Description | Aggregate | | | | | |
|--|----------------|---|-----------|---|------------|---|
| | 2000* / 2010** | | 2016 | | 2021 | |
| | Census | % | Estimate | % | Projection | % |
| Median All Owner-Occupied Housing Unit Value | \$88,864 | | \$153,087 | | \$166,608 | |

Group Quarters by Population Type**

| | | | | | | |
|----------------------------------|--------------|--------|--------------|--------|--------------|--------|
| Group Quarters Population | 4,162 | | 4,100 | | 4,056 | |
| Correctional Institutions | 3,494 | 83.95% | 3,447 | 84.07% | 3,413 | 84.15% |
| Nursing Homes | 318 | 7.64% | 314 | 7.66% | 311 | 7.67% |
| Other Institutions | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% |
| College Dormitories | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% |
| Military Quarters | 281 | 6.75% | 272 | 6.63% | 266 | 6.56% |
| Other NonInstitutional Quarters | 45 | 1.08% | 44 | 1.07% | 43 | 1.06% |

Occupied Housing Units by Tenure

| | | | | | | |
|-----------------|--------|--|--------|--|--------|--|
| Owner-Occupied | 23,590 | | 23,856 | | 24,311 | |
| Renter-Occupied | 8,742 | | 8,807 | | 8,927 | |

| Description | Aggregate | | | | | |
|---|----------------|--------|---------------|--------|---------------|--------|
| | 2000* / 2010** | | 2016 | | 2021 | |
| | Census | % | Estimate | % | Projection | % |
| Pop-Facts Housing Totals | | | | | | |
| Households by Tenure by Age of Householder** | | | | | | |
| Total Households | 32,332 | | 32,663 | | 33,238 | |
| Owner-Occupied | 23,590 | | 23,856 | | 24,311 | |
| Householder 55 to 64 Years | 5,149 | 21.83% | 5,668 | 23.76% | 5,835 | 24.00% |
| Householder 65 to 74 Years | 3,459 | 14.66% | 4,155 | 17.42% | 4,817 | 19.81% |
| Householder 75 to 84 Years | 1,794 | 7.60% | 2,126 | 8.91% | 2,493 | 10.25% |
| Householder 85 and over | 501 | 2.12% | 571 | 2.39% | 650 | 2.67% |
| Renter-Occupied | 8,742 | | 8,807 | | 8,927 | |
| Householder 55 to 64 Years | 1,092 | 12.49% | 1,239 | 14.07% | 1,289 | 14.44% |
| Householder 65 to 74 Years | 634 | 7.25% | 749 | 8.50% | 874 | 9.79% |
| Householder 75 to 84 Years | 378 | 4.32% | 431 | 4.89% | 494 | 5.53% |
| Householder 85 and over | 123 | 1.41% | 175 | 1.99% | 200 | 2.24% |

| COVINGTON CARE NURSING AND REHABILITATION CENTER | | | | Telephone: 901-475-0027 | | | |
|--|---|----------------|---------------|-------------------------------|------------|-----------------------|-----------|
| 765 Bert Johnson Avenue Covington, TN 38019 <i>Within the MA Visited</i> | | | | Owner/Sponsor: Private | | | |
| | | | | Medicare Star Rating: 5 Stars | | | |
| Year Open | Specialty Beds | Operating Beds | % Private Pay | % Medicare | % Medicaid | Daily Rate | Occupancy |
| 1994 | LTC (73) Rehab (15) | 88 | 5% | 45% | 50% | SP: \$189 P: \$199 | 89% |
| Location and Description: | This community is located just a few minutes from the main highway in Covington and is easily accessible with plenty of parking. It is perched on top of a hill in a largely residential neighborhood. The one story building is surrounded by green space and trees, however it appears traditional in nature. A lovely enclosed patio and walking path with gazebo and barbeque are found in the rear of the building. The lobby, dining room and rehab/skilled nursing resident rooms have been renovated in November 2015 including new furniture, carpeting and fixtures. Long term care rooms have not been redone. There is one wing of all private rooms however the three hallways are designed as double loaded corridors. The lobby is styled in greys and blues with faux hardwood flooring. The restaurant style dining room is tastefully decorated with large fireplace, has tall windows and residents have a lovely view of farm fields. The activity room has also been modernized. Fresh flowers can be found in several common areas. There is no secured memory care unit, but residents wear a Wanderguard bracelet and the outdoor patio is secured. The entire building appeared clean, odor free and well maintained. The gymnasium is adequate and the occupational therapy station is well-equipped. | | | | | | |
| Resident Rooms | Rehabilitation rooms are mostly semi-private and have large windows and are bright. They each have a television and bedside table, amour, renovated ceramic tile and hardwood floors. Wooden blinds on the windows are attractive. In room bathrooms, which have been remodeled in Rehab have showers. | | | | | | |
| Comments: | <ul style="list-style-type: none"> Residents are reported to be drawn from Covington, Country Wood, Quail Creek and Solo. There are no plans for expansion. All beds are dual certified Medicare and Medicaid. The 15 rehab beds are reported to be in demand. Residents typically stay as long as 100 days to use their Medicare benefits. This facility accepts residents on dialysis. Referral hospitals include Methodist Hospital, Baptist Memorial Hospital, Lauderdale County Hospital, HealthSouth and St. Francis Hospital. | | | | | | |

| RIVER TERRACE HEALTH AND REHABILITATION CENTER | | | | Telephone: 901-476-1820 | | | |
|--|-----------------------------------|----------------|---|--------------------------------|------------|-----------------------|-----------|
| 1992 Highway 51 Covington, TN 38019 <i>Within the MA</i> <i>Visited</i> | | | | Owner/Sponsor: Health Services | | | |
| | | | | Medicare Star Rating: 1 Star | | | |
| Year Open | Specialty Beds | Operating Beds | % Private Pay | % Medicare | % Medicaid | Daily Rate | Occupancy |
| 1976 | LTC (57) Rehab (43) MC (56) | 156 | 5% | 40% | 55% | SP: \$189 P: \$199 | 80% |
| Location and Description: | | | <p>This community is located along Route 51 in Covington, directly across from Baptist Memorial Hospital in a commercial area and is easily acceptable from many areas. Parking is plentiful. Due to being recently acquired (January 2016) and a subsequent name change (formerly Covington Manor), it is often confused with Covington Care Nursing and Rehabilitation Center. The building is one story and traditional in appearance and it has a front porch for residents to site on. Landscaping outside appears to need improvement. The small lobby has recently been renovated with light wood furniture and fixtures, but other resident areas have not been modernized. Only 7 rooms are private now in the entire building with 4 of the private rooms located in MC. Some of the resident rooms have cinder block walls adding to the institutional feel. Windows in the resident's rooms are low and small and as a result the rooms are somewhat dark. The community is not a neighborhood model. It is a single story with three dining rooms and an activity room.</p> <p>The community is undergoing a reconfiguration. MC is being expanded from 20 to 56 beds. The community has shut down some of the rooms during remodeling. The representative was not sure of the number of SP/P rooms once complete.</p> | | | | |
| Comments: | | | <ul style="list-style-type: none"> Residents are reported to be drawn from Covington, Brighton, Memphis and Jackson. The NF accepts residents with tracheostomies and other respiratory needs as well as bariatric, cardiac, IV therapy, hospice, peritoneal dialysis and post stroke residents. A pain management program is in place and all therapies are available (physical, occupational and speech). The community has van and can offer local transportation to its residents. | | | | |

APPENDIX D
HOSPITAL DATA

201

BAPTIST MEMORIAL HOSPITAL-TIPTON
Covington, TN

| Baptist Memorial Hospital Top Zip Codes of Origin | | |
|--|-----------------------------|---------------------|
| <i>Zip Code</i> | <i>Number of Discharges</i> | <i>Market Share</i> |
| 38019 | 184 | 17.9% |
| 38063 | 39 | 3.8% |
| 38015 | 32 | 15.9% |
| 38041 | 27 | 16.6% |
| 38011 | 27 | 6.2% |
| 38058 | 25 | 4.5% |
| 38049 | 20 | 7.5% |
| Total | 354 | |
| <i>Comments: Zip Codes in bold represent zip codes in the Project MA.</i> | | |
| <i>Source: www.ahd.com Brecht Associates, Inc. ®</i> | | |

| Baptist Memorial Hospital Utilization Statistics - FYE 2015¹ | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| | <i>FYE 2015</i> | <i>FYE 2014</i> | <i>FYE 2013</i> | <i>FYE 2012</i> | <i>FYE 2011</i> |
| Routine Discharges to home | 191 | 157 | 162 | 184 | 203 |
| Discharges to other acute care hospitals | 53 | 26 | 38 | 34 | 38 |
| Discharges to Skilled Nursing Facilities (SNF) | 57 | 68 | 102 | 97 | 106 |
| Deaths | | 16 | | 18 | 18 |
| Other Discharges | 51 | 54 | 76 | 97 | 122 |
| Total Discharges | 352 | 321 | 378 | 430 | 487 |
| Medicare Advantage (HMO) Discharges (NOT included in Total) | 116 | 104 | 112 | 101 | N/A |
| <i>Source: www.ahd.com Brecht Associates, Inc. ®</i> | | | | | |

¹ FYE is Fiscal Year Ending 9/30/2015.

METHODIST HOSPITAL NORTH
Memphis, TN

| Methodist Hospital North Top Zip Codes of Origin | | |
|---|-----------------------------|---------------------|
| <i>Zip Code</i> | <i>Number of Discharges</i> | <i>Market Share</i> |
| 38109 | 1,837 | 56.8% |
| 38127 | 1,164 | 55.3% |
| 38128 | 966 | 50.8% |
| 38106 | 951 | 53.9% |
| 38053 | 852 | 55.0% |
| 38116 | 779 | 48.7% |
| 38114 | 660 | 37.9% |
| 38138 | 657 | 46.6% |
| 38134 | 590 | 33.1% |
| 38104 | 576 | 50.8% |
| Total | 9,038 | |
| <i>Comments: Zip Codes in bold represent zip codes in the Project MA.</i> | | |
| <i>Source: www.ahd.com Brecht Associates, Inc. ®</i> | | |

| Methodist Hospital North Utilization Statistics - FYE 2015 | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| | <i>FYE 2015</i> | <i>FYE 2014</i> | <i>FYE 2013</i> | <i>FYE 2012</i> | <i>FYE 2011</i> |
| Routine Discharges to home | 10,263 | 10,680 | 11,108 | 12,442 | 12,205 |
| Discharges to other acute care hospitals | 63 | 89 | 80 | 82 | 108 |
| Discharges to Skilled Nursing Facilities (SNF) | 2,708 | 2,474 | 2,280 | 2,492 | 2,409 |
| Deaths | 890 | 844 | 830 | 892 | 848 |
| Other Discharges | 5,909 | 5,472 | 5,254 | 5,403 | 5,598 |
| Total Discharges | 19,833 | 19,559 | 19,552 | 21,311 | 21,168 |
| Medicare Advantage (HMO) Discharges (NOT included in Total) | 5,064 | 3,669 | 3,175 | 2,739 | N/A |
| <i>Source: www.ahd.com Brecht Associates, Inc. ®</i> | | | | | |

ST. FRANCIS HOSPITAL- BARTLETT
Bartlett, TN

206

| St. Francis Hospital - Bartlett Top Zip Codes of Origin | | |
|--|-----------------------------|---------------------|
| <i>Zip Code</i> | <i>Number of Discharges</i> | <i>Market Share</i> |
| 38134 | 312 | 17.5% |
| 38135 | 278 | 21.0% |
| 38002 | 275 | 24.4% |
| 38016 | 264 | 18.3% |
| 38133 | 202 | 28.9% |
| 38128 | 195 | 10.3% |
| 38053 | 156 | 10.1% |
| 38060 | 105 | 20.8% |
| 38127 | 91 | 4.3% |
| 38018 | 89 | 8.0% |
| Total | 1,967 | |
| <i>Comments: Zip Codes in bold represent zip codes in the Project MA.</i> | | |
| <i>Source: www.ahd.com Brecht Associates, Inc. ®</i> | | |

| St. Francis Hospital Bartlett Utilization Statistics - FYE 2015 | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| | <i>FYE 2015</i> | <i>FYE 2014</i> | <i>FYE 2013</i> | <i>FYE 2012</i> | <i>FYE 2011</i> |
| Routine Discharges to home | 1,372 | 1,259 | 1,461 | 1,303 | 1,312 |
| Discharges to other acute care hospitals | 33 | 23 | 39 | 38 | 51 |
| Discharges to Skilled Nursing Facilities (SNF) | 383 | 304 | 344 | 253 | 250 |
| Deaths | 95 | 77 | 97 | 90 | 90 |
| Other Discharges | 754 | 649 | 668 | 641 | 554 |
| Total Discharges | 2,637 | 2,312 | 2,609 | 2,325 | 2,257 |
| Medicare Advantage (HMO) Discharges (NOT included in Total) | 921 | 719 | 737 | Not available | |
| Source: www.ahd.com Brecht Associates, Inc. ® | | | | | |

**HEALTHSOUTH REHABILITATION HOSPITAL -NORTH
Memphis, TN**

| HealthSouth Rehabilitation Hospital of North Memphis Top Zip Codes of Origin | | |
|---|-----------------------------|---------------------|
| <i>Zip Code</i> | <i>Number of Discharges</i> | <i>Market Share</i> |
| 38128 | 80 | 4.2% |
| 38135 | 74 | 5.6% |
| 38053 | 71 | 4.6% |
| 38134 | 60 | 3.4% |
| 38127 | 58 | 2.8% |
| 38019 | 42 | 4.1% |
| 38002 | 40 | 3.5% |
| 38122 | 38 | 3.4% |
| 38108 | 35 | 2.9% |
| 38016 | 29 | 2.0% |
| Total | 527 | |
| <i>Comments: None of the top 10 zip codes for this hospital are represented in the MA, however, JH reports admissions from this hospital.</i> | | |
| <i>Source: www.ahd.com Brecht Associates, Inc. ®</i> | | |

| HealthSouth Rehabilitation Hospital of North Memphis Utilization Statistics - FYE 2015 | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| | <i>FYE 2015</i> | <i>FYE 2014</i> | <i>FYE 2013</i> | <i>FYE 2012</i> | <i>FYE 2011</i> |
| Routine Discharges to home | 126 | 132 | 76 | 124 | 127 |
| Discharges to other acute care hospitals | 101 | 73 | 72 | 60 | 70 |
| Discharges to Skilled Nursing Facilities (SNF) | 34 | 33 | 38 | 38 | 35 |
| Other Discharges | 591 | 643 | 707 | 677 | 588 |
| Total Discharges | 852 | 881 | 893 | 899 | 820 |
| Medicare Advantage (HMO) Discharges (NOT included in Total) | 65 | 42 | 56 | 74 | Not available |
| <i>Source: www.ahd.com Brecht Associates, Inc. ®</i> | | | | | |

LAUDERDALE COMMUNITY HOSPITAL
Ripley, TN

210

| Lauderdale Community Hospital Top Zip Codes of Origin | | |
|---|-----------------------------|---------------------|
| <i>Zip Code</i> | <i>Number of Discharges</i> | <i>Market Share</i> |
| 38063 | 137 | 13.2% |
| 38041 | 14 | 8.6% |
| 38040 | 12 | 3.7% |
| 38037 | 11 | 7.6% |
| Total | 174 | |
| <i>Comments: Zip Codes in bold represent zip codes in the Project MA.</i> | | |
| <i>Source: www.ahd.com Brecht Associates, Inc. ®</i> | | |

| Lauderdale Community Hospital Utilization Statistics - FYE 2015 | | | | | |
|---|----------------------|---------------------|---------------------|---------------------|---------------------|
| | <i>FYE 2015</i> | <i>FYE 2014</i> | <i>FYE 2013</i> | <i>FYE 2012</i> | <i>FYE 2011</i> |
| Routine Discharges to home | 69 | 80 | 110 | 114 | 130 |
| Discharges to other acute care hospitals | N.A. | 17 | 20 | 14 | 26 |
| Discharges to Skilled Nursing Facilities (SNF) | 69 | 22 | 39 | 55 | 59 |
| Deaths | N.A. | 11 | 13 | N.A. | 17 |
| Other Discharges | 56 | 56 | 77 | 150 | 133 |
| Total Discharges | 194 | 186 | 259 | 333 | 365 |
| Medicare Advantage (HMO) Discharges (NOT included in Total) | Not available (N.A.) | | | | |
| Source: www.ahd.com Brecht Associates, Inc. ® | | | | | |

211

CN1609-033
Life Options of West TN, Inc.

Supplemental Affidavit

September 28, 2016

8:31 am

212

AFFIDAVIT - SUPPLEMENTAL

STATE OF TennesseeCOUNTY OF Shelby

Charles Putnam, being first duly sworn, says that he/she is the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.



SIGNATURE/TITLE

Sworn to and subscribed before me this 12th day of Sept., 2016 a Notary
(Month) (Year)

Public in and for the County/State of Shelby / Tennessee.



NOTARY PUBLIC

My commission expires 9-4, 2019.
(Month/Day) (Year)



Supplemental #2 -COPY-

Life Options of West TN,
Inc.
CN1609-033

Christopher C. Puri

Counsel
cpuri@bradley.com
615.252.4643 direct

214



September 29, 2016

Mr. Phillip M. Earhart
HSDA Examiner
Tennessee Health Services and Development Agency
Andrew Jackson State Office Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

Re: Certificate of Need Application Life Options of West TN, Inc. (CN1609-033)
Responses to Second Supplemental Questions

Dear Mr. Earhart:

This letter will serve as a response to your letter of September 28, 2016 requesting clarification or additional discussion as to our application for a Certificate of Need for the above-referenced matter.

This response has been reviewed by the Applicant, and an appropriate affidavit is attached.

Very truly yours,

BRADLEY ARANT BOULT CUMMINGS LLP

A handwritten signature in black ink that reads "Christopher C. Puri". The signature is written in a cursive, flowing style.

By:

Christopher Puri

Certificate of Need Application Life Options of West TN, Inc. (CN1609-033)
Responses to Second Supplemental Questions

1. Section 6B. (1) Plot Plan

The plot plan is noted. The Life Options proposed site is located in the very top of the plot plan with very little information regarding the proposed site. Please provide a legible simple line drawing that includes all the required elements that clearly identifies the location of the proposed three 10 bed units on the lot the units will be located.

RESPONSE: Please see Attachment Second Supplemental Question 1, which provides a simplified line drawing showing the location of the three (3) buildings on the proposed site. This page would replace or supplement Bates numbered pages 120-122 in the original application.

2. Section C. Economic Feasibility Item 4 Projected Data Chart

Total Operating Expenses that total \$2,699,663 in D.6 in Year 2017 appear to be incorrect. The total appears to be \$2,698,963. Please correct and include in a revised Projected Data Chart.

RESPONSE: Total Operating Expenses for Year 2017 on Line D.6 should total \$2,698,963. Please see Attachment Second Supplemental Question 2, replacing Bates numbered pages 35-36 in the original application.

3. Section C, Economic Feasibility, Item 7

The revised charts of payor sources are noted. However, the applicant did not calculate the percentages to the new gross operating revenue amount correctly for Year One and Year Two. Please revise and submit a replacement page 39 and 40.

RESPONSE: Please see Attachment Second Supplemental Question 3, replacing Bates numbered pages 39 and 40 in the original application. Please note the percentages in the original application and first supplement were calculated to percentage of patient days; for additional information percentages of revenue and patient days are now provided in the chart.

4. Section C, Economic Feasibility, Item 8

The table of non-direct patient care on the bottom of page 40 is noted. However, the total Projected FTEs for Year One non-patient care positions appears incorrect. In addition, please provide totals for "Total Employees (A+B)" in Section B. (Non-Patient Care Positions) on page 41. Please revise and submit replacement pages 40 and 41.

RESPONSE: Please see Attachment Second Supplemental Question 4, replacing Bates numbered pages 40-41 in the original application. Please note the calculation errors are corrected and an omission of the statewide average for dietician salary has been corrected.

5. Proof of Publication

Please submit a copy of the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit which is supplied by the newspaper as proof of the publication of the letter of intent.

RESPONSE: Please see Attachment Second Supplemental Question 5 as proof of publication of the letter of intent. The attachment includes a publication affidavit supplied by the newspaper with a copy of the full newspaper page in which the notice of intent appeared with the mast and dateline intact.

6. Affidavit

The affidavit for supplemental #1 is dated September 12, 2016 which is prior to the date the original supplemental request was sent by the Agency on September 16, 2016. Please provide an affidavit for supplemental #1 with the correct date.

RESPONSE: Please see Attachment Second Supplemental Question 6, which provides a supplemental affidavit dated September 28, 2016.

CN1609-033
Life Options of West TN, Inc.

Attachment Second Supplemental
Question 5

THE LEADER²¹⁸

Serving All of Tipton County

AFFIDAVIT OF PUBLICATION

State of Tennessee
Tipton County

Personally appeared before me, Kathy Griffin, a Notary Public, in and for said County and State, Brian Blackley, Publisher of *The Leader*, a newspaper published in Covington, Tipton County, Tennessee, who made oath in due form of law that the attached legal notice for **Bradley Arant Boulton Cummings LLP/Notice of Intent** was published in said newspaper on:

September 08, 2016

Signed



Brian Blackley, Publisher, *The Leader*

Subscribed and sworn before me,
this 28th day of September, 2016.



Notary Public



My commission expires on June 24, 2017.

September 30, 2016

8:42 am

(60) days before the date that is four (4) months from the date of the first publication (or posting);

(B) Sixty (60) days from the date the creditor received an actual copy of the notice to creditors, if the creditor received the copy of the notice less than sixty (60) days prior to the date that is four (4) months from the date of the first publication (or posting) as described in (1) (A); or

(2) Twelve (12) months from the decedent's date of death.

All persons indebted to the above Estate must come forward and make proper settlement with the undersigned at once.

Deborah Ann Sharp
Executor

James S. Hayward Jr., ATTY.
Attorney

Virginia Gray, Clerk and Master
1801 S. College St., Suite 110
Covington, TN 38019
01sep2wp

NOTICE TO CREDITORS

Case Number 84CH1-2016-PR-3551
Estate of WESLEY L. YARBROUGH, Deceased

Notice is hereby given that on AUGUST 19 of 2016 letters of testamentary (or of administration as the case may be) in respect of the estate of Wesley L. Yarbrough, who died 9/16/2016 were issued to the undersigned by the Tipton County Chancery Court of Tipton County, Tennessee. All persons, resident and non-resident, having claims, matured or unmatured, against the estate are required to file the same with the Clerk of the above-named Court on or before the earlier of the dates prescribed in (1) or (2) otherwise their claims will be forever barred:

(1)(A) Four (4) months from the date of the first publication (or posting, as the case may be) of this notice if the creditor received an actual copy of this notice to creditors at least sixty (60) days before the date that is four (4) months from the date of the first publication (or posting);

(B) Sixty (60) days from the date the creditor received an actual copy of the notice to creditors, if the creditor received the copy of the notice less than sixty (60) days prior to the date that is four (4) months from the date of the first publication (or posting) as described in (1) (A); or

(2) Twelve (12) months from the decedent's date of death.

All persons indebted to the above Estate must come forward and make proper settlement with the undersigned at once.

Oma Fleider
Executor

William A. Wooten, ATTY.
Attorney

Virginia Gray, Clerk and Master
1801 S. College St., Suite 110
Covington, TN 38019
01sep2wp

NOTICE TO CREDITORS

Case Number 84CH1-2016-PR-3540
Estate of DIANA SHORE HATCOCK SQUIRE, Deceased

Notice is hereby given that on AUGUST 12 of 2016 letters of testamentary (or of administration as the case may be) in respect of the estate of Diana Shore Hatcock Squire, who died 7/18/2016 were issued to the undersigned by the Tipton County Chancery Court of Tipton County, Tennessee. All persons, resident and non-resident, having claims, matured or unmatured, against the estate are required to file the same with the Clerk of the above-named Court on or before the earlier of the dates prescribed in (1) or (2) otherwise their claims will be forever barred:

(1)(A) Four (4) months from the date of the first publication (or posting, as the case may be) of this notice if the creditor received an actual copy of this notice to creditors at least sixty (60) days before the date that is four (4) months from the date of the first publication (or posting);

(B) Sixty (60) days from the date the creditor received an actual copy of the notice to creditors, if the creditor received the copy of the notice less than sixty (60) days prior to the date that is four (4) months from the date of the first publication (or posting) as described in (1) (A); or

(2) Twelve (12) months from the decedent's date of death.

All persons indebted to the above Estate must come forward and make proper settlement with the undersigned at once.

Deborah Ann Sharp
Executor

James S. Hayward Jr., ATTY.
Attorney

Virginia Gray, Clerk and Master
1801 S. College St., Suite 110
Covington, TN 38019
01sep2wp

the first publication (or posting) as described in (1) (A); or

(2) Twelve (12) months from the decedent's date of death.

All persons indebted to the above Estate must come forward and make proper settlement with the undersigned at once.

Jonathan Hugh Sorrell
Administrator

Jeffery L. Stimpson, ATTY.
Attorney

Virginia Gray, Clerk and Master
1801 S. College St., Suite 110
Covington, TN 38019
01sep2wp

Virginia Gray, Clerk and Master
1801 S. College St., Suite 110
Covington, TN 38019
01sep2wp

NOTICE TO CREDITORS

Case Number 84CH1-2016-PR-3551
Estate of WESLEY L. YARBROUGH, Deceased

Notice is hereby given that on AUGUST 19 of 2016 letters of testamentary (or of administration as the case may be) in respect of the estate of Wesley L. Yarbrough, who died 9/16/2016 were issued to the undersigned by the Tipton County Chancery Court of Tipton County, Tennessee. All persons, resident and non-resident, having claims, matured or unmatured, against the estate are required to file the same with the Clerk of the above-named Court on or before the earlier of the dates prescribed in (1) or (2) otherwise their claims will be forever barred:

(1)(A) Four (4) months from the date of the first publication (or posting, as the case may be) of this notice if the creditor received an actual copy of this notice to creditors at least sixty (60) days before the date that is four (4) months from the date of the first publication (or posting);

(B) Sixty (60) days from the date the creditor received an actual copy of the notice to creditors, if the creditor received the copy of the notice less than sixty (60) days prior to the date that is four (4) months from the date of the first publication (or posting) as described in (1) (A); or

(2) Twelve (12) months from the decedent's date of death.

All persons indebted to the above Estate must come forward and make proper settlement with the undersigned at once.

Oma Fleider
Executor

William A. Wooten, ATTY.
Attorney

Virginia Gray, Clerk and Master
1801 S. College St., Suite 110
Covington, TN 38019
01sep2wp

NOTICE TO CREDITORS

Case Number 84CH1-2016-PR-3540
Estate of DIANA SHORE HATCOCK SQUIRE, Deceased

Notice is hereby given that on AUGUST 12 of 2016 letters of testamentary (or of administration as the case may be) in respect of the estate of Diana Shore Hatcock Squire, who died 7/18/2016 were issued to the undersigned by the Tipton County Chancery Court of Tipton County, Tennessee. All persons, resident and non-resident, having claims, matured or unmatured, against the estate are required to file the same with the Clerk of the above-named Court on or before the earlier of the dates prescribed in (1) or (2) otherwise their claims will be forever barred:

(1)(A) Four (4) months from the date of the first publication (or posting, as the case may be) of this notice if the creditor received an actual copy of this notice to creditors at least sixty (60) days before the date that is four (4) months from the date of the first publication (or posting);

(B) Sixty (60) days from the date the creditor received an actual copy of the notice to creditors, if the creditor received the copy of the notice less than sixty (60) days prior to the date that is four (4) months from the date of the first publication (or posting) as described in (1) (A); or

(2) Twelve (12) months from the decedent's date of death.

All persons indebted to the above Estate must come forward and make proper settlement with the undersigned at once.

Deborah Ann Sharp
Executor

James S. Hayward Jr., ATTY.
Attorney

Virginia Gray, Clerk and Master
1801 S. College St., Suite 110
Covington, TN 38019
01sep2wp

above, this office is attempting to collect a debt. Any information obtained will be used for that purpose. Brock & Scott, PLLC, Submitter
c/o Tennessee Foreclosure Department
8 Cadillac Drive, Suite 140
Brentwood, TN 37027
PH: 615-550-7897 FX: 615-550-4484
File No 13-26013 FC030
25aug3w

SUBSTITUTE TRUSTEE'S NOTICE OF FORECLOSURE SALE

Default having been made in the terms, conditions, and payments provided in a certain Deed of Trust dated OCTOBER 30, 2012, executed by DAMARIUS COLEMAN-EVERETT, A MARRIED WOMAN, JOINED BY HER HUSBAND, HOWARD C. EVERETT, JR., to KATHRYN L. HARRIS, Trustee, of record in RECORD BOOK 1570, PAGE 134, for the benefit of COMMUNITY MORTGAGE CORPORATION, EXISTING UNDER THE LAWS OF THE STATE OF TENNESSEE, 142 TIMBER CROCK DRIVE, CORDOVA, TN 38018, in the Register's Office for Tipton County, Tennessee and to J. PHILLIP JONES/JESSICA D. BINKLEY, either of whom may act, appointed as Substitute Trustee in an instrument of record in the Register's Office for Tipton County, Tennessee, to secure the indebtedness described, WHEREAS, said Deed of Trust was last assigned to TENNESSEE HOUSING DEVELOPMENT AGENCY, the entire indebtedness having been declared due and payable by TENNESSEE HOUSING DEVELOPMENT AGENCY by AND THROUGH ITS SERVICE/AND AUTHORIZED AGENT, U.S. BANK NATIONAL ASSOCIATION, being the present servicer, or its authorized agent, designee or servicer of the holder of said indebtedness, has requested foreclosure proceedings to be instituted; and approved in said Deed of Trust, I, J. PHILLIP JONES/JESSICA D. BINKLEY, will by virtue of the power and authority vested in me as Substitute Trustee, on THURSDAY, SEPTEMBER 28, 2016 AT 10:00 A.M. (LOCAL TIME) AT THE NORTH DOOR OF THE TIPTON COUNTY COURTHOUSE, SOUTH COLLEGE STREET IN COVINGTON, TIPTON COUNTY, TENNESSEE, sell to the highest bidder for cash, free from the equity of redemption, homestead, and dower, and all other exemptions which are expressly waived, and subject to any unpaid taxes, if any, the following described property in Tipton County, Tennessee, to wit:

MAP 0988 GRP B PARCEL 082.00
THE SALE OF THE SUBJECT PROPERTY, HEREIN DESCRIBED, IS SUBJECT TO THE RIGHT OF ANY TENANTS OR OTHER PARTIES OR ENTITIES IN POSSESSION OF THE PROPERTY AT THE TIME OF THE REPRESENTATION CONCERNING ANY ASPECT OF THE SUBJECT PROPERTY PRIOR TO THE SALE. THE REPRESENTATION RESPONSIBILITY OF TRUSTEE(S) OR TRUSTEES(S) OR THEIR OFFICE.

THIS IS IMPROVED PROPERTY KNOWN AS 189 WOODLAWN TRACE, BRIGHTON, TN 38011.

THIS SALE IS SUBJECT TO ANY UNPAID TAXES, IF ANY, ANY PRIOR LIENS OR ENCUMBRANCES, LEASES, EASEMENTS, AND ALL OTHER MATTERS WHICH TAKE PRIORITY OVER THE DEED OF TRUST UNDER WHICH THIS FORECLOSURE SALE IS CONDUCTED, INCLUDING BUT NOT LIMITED TO THE PRIORITY OF ANY FUTURE FILING OF THE U.S. DEPARTMENT OF THE TREASURY INTERNAL REVENUE SERVICE, THE STATE OF TENNESSEE DEPARTMENT OF REVENUE, OR THE STATE OF TENNESSEE DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT ARE LISTED AS INTERESTED PARTIES IN THE ADVERTISEMENT. THEN THE NOTICE OF THIS FORECLOSURE IS BEING GIVEN TO THEM, AND THE SALE WILL BE SUBJECT TO ALL APPLICABLE

PROPERTY LOCATED IN THE COUNTY OF TIPTON, TENNESSEE:

LOT 122, SECTION E, WOODLAWN PLANTATION SUBDIVISION, AS SHOWN ON PLAT OF RECORD IN PLAT CABINET F, SLIDE 83 AND 84, OF THE REGISTER'S OFFICE OF TIPTON COUNTY, TENNESSEE, TO WHICH PLAT REFERENCE IS MADE FOR A MORE PARTICULAR DESCRIPTION OF SAID PROPERTY.

THIS BEING THE SAME PROPERTY CONVEYED TO

DAMARIUS C. EVERETT, A MARRIED WOMAN, BY SUBSTANTIAL DEED BEING MADE SIMULTANEOUSLY WITH THE FORECLOSURE SALE, THE REGISTER'S OFFICE OF TIPTON COUNTY, TENNESSEE, DAMARIUS C. EVERETT AND DAMARIUS C. EVERETT, JR. HUSBAND, FOR THE CONSIDERATION EXPRESSED HEREIN, JOINS HEREIN FOR THE PURPOSE OF GRANTING, SELLING, CONVEYING, AND CONFIRMING AND DOES HEREBY GRANT, BARGAIN, SELL, CONVEY AND CONFIRM TO THE TRUSTEE, HIS SUCCESSORS AND ASSIGNS, ALL RIGHTS, CLAIMS AND INTEREST OF EVERY KIND AND CHARACTER, AND DESCRIPTION WHATSOEVER WHICH HE MAY NOW HAVE OR HEREAFTER MAY ACQUIRE, BUT THE SAID HOWARD C. EVERETT DOES NOT JOIN IN THE COVENANTS AND WARRANTIES OF THIS INSTRUMENT, NOR IN ANY WAY OBLIGATED FOR THE PAYMENT OF THE INDEBTEDNESS SECURED HEREBY.

TITLE TO THE ABOVE DESCRIBED PROPERTY IS VESTED IN DAMARIUS C. EVERETT, A MARRIED WOMAN, HOWARD C. EVERETT, JR., HUSBAND, FOR THE CONSIDERATION EXPRESSED HEREIN, JOINS HEREIN FOR THE PURPOSE OF GRANTING, SELLING, CONVEYING, AND CONFIRMING AND DOES HEREBY GRANT, BARGAIN, SELL, CONVEY AND CONFIRM TO THE TRUSTEE, HIS SUCCESSORS AND ASSIGNS, ALL RIGHTS, CLAIMS AND INTEREST OF EVERY KIND AND CHARACTER, AND DESCRIPTION WHATSOEVER WHICH HE MAY NOW HAVE OR HEREAFTER MAY ACQUIRE, BUT THE SAID HOWARD C. EVERETT DOES NOT JOIN IN THE COVENANTS AND WARRANTIES OF THIS INSTRUMENT, NOR IN ANY WAY OBLIGATED FOR THE PAYMENT OF THE INDEBTEDNESS SECURED HEREBY.

AND ALSO BEING THE SAME PROPERTY CONVEYED TO DAMARIUS C. EVERETT, A MARRIED WOMAN, BY WARRANTY DEED DATED OCTOBER 20, 2012, OF RECORD IN RECORD BOOK 1570, PAGE 132, REGISTER'S OFFICE FOR TIPTON COUNTY, TENNESSEE.

THIS IS IMPROVED PROPERTY KNOWN AS 189 WOODLAWN TRACE, BRIGHTON, TN 38011.

MAP 0988 GRP B PARCEL 082.00
THE SALE OF THE SUBJECT PROPERTY, HEREIN DESCRIBED, IS SUBJECT TO THE RIGHT OF ANY TENANTS OR OTHER PARTIES OR ENTITIES IN POSSESSION OF THE PROPERTY AT THE TIME OF THE REPRESENTATION CONCERNING ANY ASPECT OF THE SUBJECT PROPERTY PRIOR TO THE SALE. THE REPRESENTATION RESPONSIBILITY OF TRUSTEE(S) OR TRUSTEES(S) OR THEIR OFFICE.

THIS SALE IS SUBJECT TO ANY UNPAID TAXES, IF ANY, ANY PRIOR LIENS OR ENCUMBRANCES, LEASES, EASEMENTS, AND ALL OTHER MATTERS WHICH TAKE PRIORITY OVER THE DEED OF TRUST UNDER WHICH THIS FORECLOSURE SALE IS CONDUCTED, INCLUDING BUT NOT LIMITED TO THE PRIORITY OF ANY FUTURE FILING OF THE U.S. DEPARTMENT OF THE TREASURY INTERNAL REVENUE SERVICE, THE STATE OF TENNESSEE DEPARTMENT OF REVENUE, OR THE STATE OF TENNESSEE DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT ARE LISTED AS INTERESTED PARTIES IN THE ADVERTISEMENT. THEN THE NOTICE OF THIS FORECLOSURE IS BEING GIVEN TO THEM, AND THE SALE WILL BE SUBJECT TO ALL APPLICABLE

PROPERTY LOCATED IN THE COUNTY OF TIPTON, TENNESSEE:

LOT 122, SECTION E, WOODLAWN PLANTATION SUBDIVISION, AS SHOWN ON PLAT OF RECORD IN PLAT CABINET F, SLIDE 83 AND 84, OF THE REGISTER'S OFFICE OF TIPTON COUNTY, TENNESSEE, TO WHICH PLAT REFERENCE IS MADE FOR A MORE PARTICULAR DESCRIPTION OF SAID PROPERTY.

THIS BEING THE SAME PROPERTY CONVEYED TO

GOVERNMENTAL ENTITIES RIGHT TO REDEEM THE PROPERTY, AS REQUIRED BY 26 U.S.C. 7425, T.C.A. 67-1-1433, AND 28 U.S.C. 2410 (C). THE NOTICE REQUIREMENTS OF T.C.A. 35-6-101 ET SEQ. HAVE BEEN MET.

THE RIGHT IS RESERVED TO ADJOURN THE DAY OF THE SALE TO ANOTHER DAY, TIME AND PLACE CERTAIN WITHOUT FURTHER PUBLICATION. UPON ANNOUNCEMENT AT THE TIME AND PLACE FOR THE SALE SET FORTH ABOVE, THE TRUSTEE/SUBSTITUTE TRUSTEE RESERVES THE RIGHT TO RESCIND THE SALE.

IF YOU PURCHASE A PROPERTY AT THE FORECLOSURE SALE, THE ENTIRE PURCHASE PRICE IS DUE AND PAYABLE AT THE CONCLUSION OF THE AUCTION IN THE FORM OF A CERTIFIED BANK CHECK, MADE PAYABLE TO OR ENDORSED TO LAW OFFICE OF J. PHILLIP JONES, NO PERSONAL CHECKS WILL BE ACCEPTED. TO THIS END, YOU MUST BRING SUFFICIENT FUNDS TO OUTBID THE LENDER AND ANY OTHER BIDDERS. INSUFFICIENT FUNDS WILL NOT BE ACCEPTED. AMOUNTS RECEIVED IN EXCESS OF THE WINNING BID WILL BE REFUND TO THE SUCCESSFUL PURCHASER AT THE TIME THE FORECLOSURE DEED IS DELIVERED.

OTHER INTERESTED PARTIES: NONE OF RECORD

THIS IS AN ATTEMPT TO COLLECT A DEBT AND ANY INFORMATION OBTAINED WILL BE USED FOR THAT PURPOSE.

This is improved property known as 189 WOODLAWN TRACE, BRIGHTON, TN 38011.

J. PHILLIP JONES/JESSICA D. BINKLEY, Submitter
1800 HAYES STREET
NASHVILLE, TN 37203
(615) 254-4430
www.phillipjoneslaw.com
FL16-0801
1sep3w

NOTICE TO CREDITORS

Case Number 84CH1-2016-PR-3549
Estate of JESS MANARD COLE, Deceased

Notice is hereby given that on AUGUST 17 of 2016 letters of testamentary (or of administration as the case may be) in respect of the estate of Jess Manard Cole, who died 5/7/2016 were issued to the undersigned by the Tipton County Chancery Court of Tipton County, Tennessee. All persons, resident and non-resident, having claims, matured or unmatured, against the estate are required to file the same with the Clerk of the above-named Court on or before the earlier of the dates prescribed in (1) or (2) otherwise their claims will be forever barred:

(1)(A) Four (4) months from the date of the first publication (or posting, as the case may be) of this notice if the creditor received an actual copy of this notice to creditors at least sixty (60) days before the date that is four (4) months from the date of the first publication (or posting);

(B) Sixty (60) days from the date the creditor received an actual copy of the notice to creditors, if the creditor received the copy of the notice less than sixty (60) days prior to the date that is four (4) months from the date of the first publication (or posting) as described in (1) (A); or

(2) Twelve (12) months from the decedent's date of death.

All persons indebted to the above Estate must come forward and make proper settlement with the undersigned at once.

Benjamin Cunningham
Executor

Joe Duncan, ATTY.
Attorney

Virginia Gray, Clerk and Master
1801 S. College St., Suite 110
Covington, TN 38019
01sep2wp

Virginia Gray, Clerk and Master
1801 S. College St., Suite 110
Covington, TN 38019
01sep2wp

Virginia Gray, Clerk and Master
1801 S. College St., Suite 110
Covington, TN 38019
01sep2wp

Virginia Gray, Clerk and Master
1801 S. College St., Suite 110
Covington, TN 38019
01sep2wp

Virginia Gray, Clerk and Master
1801 S. College St., Suite 110
Covington, TN 38019
01sep2wp

Virginia Gray, Clerk and Master
1801 S. College St., Suite 110
Covington, TN 38019
01sep2wp

Virginia Gray, Clerk and Master
1801 S. College St., Suite 110
Covington, TN 38019
01sep2wp

Virginia Gray, Clerk and Master
1801 S. College St., Suite 110
Covington, TN 38019
01sep2wp

Virginia Gray, Clerk and Master
1801 S. College St., Suite 110
Covington, TN 38019
01sep2wp

Virginia Gray, Clerk and Master
1801 S. College St., Suite 110
Covington, TN 38019
01sep2wp

Virginia Gray, Clerk and Master
1801 S. College St., Suite 110
Covington, TN 38019
01sep2wp

Virginia Gray, Clerk and Master
1801 S. College St., Suite 110
Covington, TN 38019
01sep2wp

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Life Options of West Tennessee, Inc., a Tennessee non-profit corporation, intends to file an application for a Certificate of Need for the establishment of a new thirty (30) bed nursing home and the initiation of nursing home services. The facility will have no management company. The facility will be based on the Green House Project model and will consist of three (3) ten bed buildings.

The facility will be located on a lot which does not currently have a separate street address, such lot to be approximately 14.1 acres, which is composed of three parcels located at the south end of Grandview Drive in Brighton (Tipton County), Tennessee 38011, located approximately 0.3 mile south of the intersection of Old Highway 31 South and Grandview Drive, and also described as Parcels 097B B 016.00 (2.5 acres), 097B B 015.90 (7.21 acres), and 097B B 014.00 (4.39 acres), in the records of the Tipton County Tax Assessor.

There is no major medical equipment required for this project. If approved, the project and its beds will be licensed by the Tennessee Department of Health as nursing home beds and certified for participation in Medicare and Medicaid/TennCare. The estimated project cost is \$7,685,534.

The anticipated filing date of the application is on or before September 13, 2016. The contact person for this project is Christopher C. Puri, Attorney, who may be reached at Bradley Arant Boult Cummings LLP, 1600 Division Street, Suite 700, Nashville, TN 37203. Mr. Puri's telephone number is 615-252-4643 and his e-mail address is cpuri@bradley.com.

Signature _____ Date _____ September 8, 2016
E-mail Address _____ cpuri@bradley.com

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:
Health Services and Development Agency
Andrew Jackson Building
500 Deaderick Street, Suite 850
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1): (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

3sep1w

Supplemental #3 -COPY-

Life Options of West TN

CN1609-033

Christopher C. Puri

Counsel
cpuri@bradley.com
615.252.4643 direct

221



September 30, 2016

Mr. Phillip M. Earhart
HSDA Examiner
Tennessee Health Services and Development Agency
Andrew Jackson State Office Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

Re: Certificate of Need Application Life Options of West TN, Inc. (CN1609-033)
Responses to Second Supplemental Questions

Dear Mr. Earhart:

This letter will serve as a response to your letter of September 30, 2016 requesting clarification or additional discussion as to our application for a Certificate of Need for the above-referenced matter.

This response has been reviewed by the Applicant, and an appropriate affidavit is attached.

Very truly yours,

BRADLEY ARANT BOULT CUMMINGS LLP

A handwritten signature in black ink that reads "Christopher C. Puri". The signature is written in a cursive, flowing style.

By:

Christopher Puri

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DavidsonNAME OF FACILITY: Life Options of West TN, Inc.

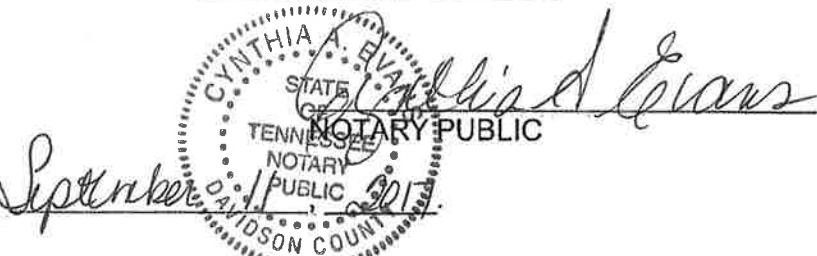
I, Christopher C. Puri, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.



Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 30th day of Sept., 2016, witness my hand at office in the County of Davidson, State of Tennessee.

My commission expires



My Commission Expires SEPT. 11, 2017

HF-0043

Revised 7/02

Christopher C. Puri

Counsel
cpuri@bradley.com
615.252.4643 direct



September 8, 2016

VIA HAND DELIVERY

Ms. Melanie Hill
Tennessee Health Services and Development Agency
502 Deaderick Street, 9th Floor
Nashville, Tennessee 37243

Re: Letter of Intent to Apply for Certificate of Need – Life Options of West Tennessee, Inc.

Dear Melanie:

Please find attached a Letter of Intent to apply for Life Options of West Tennessee, Inc., which intends to file an application for a Certificate of Need for a thirty (30) bed nursing home as outlined in the attached notice.

Should you have any questions or need anything further, please do not hesitate to contact me.

Very truly yours,

BRADLEY ARANT BOULT CUMMINGS LLP

By: 

Christopher C. Puri

CCP/ced
Enclosure



State of Tennessee
Health Services and Development Agency

Andrew Jackson Building, 9th Floor

502 Deaderick Street

Nashville, TN 37243

www.tn.gov/hsda

Phone: 615-741-2364

Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in The Covington Leader, which is a newspaper of general circulation in Tipton County, Tennessee, on or before September 8, 2016, for one day.

=====

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Life Options of West Tennessee, Inc., a Tennessee non-profit corporation, intends to file an application for a Certificate of Need for the establishment of a new thirty (30) bed nursing home and the initiation of nursing home services. The facility will have no management company. The facility will be based on the Green House Project model and will consist of three (3) ten bed buildings.

The facility will be located on a lot which does not currently have a separate street address, such lot to be approximately 14.1 acres, which is composed of three parcels located at the south end of Grandview Drive in Brighton (Tipton County), Tennessee 38011, located approximately 0.3 mile south of the intersection of Old Highway 51 South and Grandview Drive, and also described as Parcels 097B B 016.00 (2.5 acres), 097B B 015.00 (7.21 acres), and 097B B 014.00 (4.39 acres), in the records of the Tipton County Tax Assessor.

There is no major medical equipment required for this project. If approved, the project and its beds will be licensed by the Tennessee Department of Health as nursing home beds and certified for participation in Medicare and Medicaid/TennCare. The estimated project cost is \$7,685,534.

The anticipated filing date of the application is on or before September 13, 2016. The contact person for this project is Christopher C. Puri, Attorney, who may be reached at Bradley Arant Boult Cummings LLP, 1600 Division Street, Suite 700, Nashville, TN 37203. Mr. Puri's telephone number is 615-252-4643 and his e-mail address is cpuri@bradley.com.

Signature

September 8, 2016

Date

cpuri@bradley.com

E-mail Address

=====

The Letter of Intent **must be filed in triplicate** and **received between the first and the tenth** day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

=====

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

=====

**RULES
OF
HEALTH SERVICES AND DEVELOPMENT AGENCY**

**CHAPTER 0720-11
CERTIFICATE OF NEED PROGRAM – GENERAL CRITERIA**

TABLE OF CONTENTS

0720-11-.01 General Criteria for Certificate of Need

0720-11-.01 GENERAL CRITERIA FOR CERTIFICATE OF NEED. The Agency will consider the following general criteria in determining whether an application for a certificate of need should be granted:

- (1) Need. The health care needed in the area to be served may be evaluated upon the following factors:
 - (a) The relationship of the proposal to any existing applicable plans;
 - (b) The population served by the proposal;
 - (c) The existing or certified services or institutions in the area;
 - (d) The reasonableness of the service area;
 - (e) The special needs of the service area population, including the accessibility to consumers, particularly women, racial and ethnic minorities, TennCare participants, and low-income groups;
 - (f) Comparison of utilization/occupancy trends and services offered by other area providers;
 - (g) The extent to which Medicare, Medicaid, TennCare, medically indigent, charity care patients and low income patients will be served by the project. In determining whether this criteria is met, the Agency shall consider how the applicant has assessed that providers of services which will operate in conjunction with the project will also meet these needs.
- (2) Economic Factors. The probability that the proposal can be economically accomplished and maintained may be evaluated upon the following factors:
 - (a) Whether adequate funds are available to the applicant to complete the project;
 - (b) The reasonableness of the proposed project costs;
 - (c) Anticipated revenue from the proposed project and the impact on existing patient charges;
 - (d) Participation in state/federal revenue programs;
 - (e) Alternatives considered; and
 - (f) The availability of less costly or more effective alternative methods of providing the benefits intended by the proposal.
- (3) Contribution to the Orderly Development of Adequate and Effective Healthcare Facilities and/or Services. The contribution which the proposed project will make to the orderly development of an adequate and effective health care system may be evaluated upon the following factors:

(Rule 0720-11-.01, continued)

- (a) The relationship of the proposal to the existing health care system (for example: transfer agreements, contractual agreements for health services, the applicant's proposed TennCare participation, affiliation of the project with health professional schools);
 - (b) The positive or negative effects attributed to duplication or competition;
 - (c) The availability and accessibility of human resources required by the proposal, including consumers and related providers;
 - (d) The quality of the proposed project in relation to applicable governmental or professional standards.
- (4) Applications for Change of Site. When considering a certificate of need application which is limited to a request for a change of site for a proposed new health care institution, The Agency may consider, in addition to the foregoing factors, the following factors:
 - (a) Need. The applicant should show the proposed new site will serve the health care needs in the area to be served at least as well as the original site. The applicant should show that there is some significant legal, financial, or practical need to change to the proposed new site.
 - (b) Economic factors. The applicant should show that the proposed new site would be at least as economically beneficial to the population to be served as the original site.
 - (c) Contribution to the orderly development of health care facilities and/or services. The applicant should address any potential delays that would be caused by the proposed change of site, and show that any such delays are outweighed by the benefit that will be gained from the change of site by the population to be served.
- (5) Certificate of need conditions. In accordance with T.C.A. § 68-11-1609, The Agency, in its discretion, may place such conditions upon a certificate of need it deems appropriate and enforceable to meet the applicable criteria as defined in statute and in these rules.

Authority: T.C.A. §§ 4-5-202, 68-11-1605, and 68-11-1609. **Administrative History:** Original rule filed August 31, 2005; effective November 14, 2005.

**CERTIFICATE OF NEED
REVIEWED BY THE DEPARTMENT OF HEALTH
DIVISION OF POLICY, PLANNING AND ASSESSMENT
615-741-1954**

DATE: November 30, 2016

APPLICANT: Life Options of West Tennessee, Inc.
74 Sanders Drive
Brighton, Tennessee 38011

CN#1609-033

CONTACT PERSON: Cristopher C. Puri
1600 Division Street, Suite 700
Nashville, Tennessee 37203

COST: \$7,685,534

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's State Health Plan*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:

The applicant, Life Options of West Tennessee, Inc.; a Tennessee non-profit corporation, seeks Certificate of Need (CON) approval for the establishment of a new thirty bed (30) nursing home and the initiation of nursing home services. The facility will be based on the Green House Project model and will consist of three ten bed buildings.

The facility will be located on a lot which does not currently have a separate street address. The lot is approximately 14.1 acres, which is composed of three parcels located at the south end of Grandview Drive in Brighton (Tipton County), Tennessee 38011, located approximately 0.3 mile South and Grandview Drive.

The project contains 21,624 square feet with a total construction cost of \$4,073,850; or \$188.39 per square foot. The square footage cost is above the 3rd Quartile of HSDA's projects costs.

Life Option of West Tennessee, Inc. is a private non-profit corporation.

The total estimated project cost is \$7,685,534 and will be funded through the United States Department of Agriculture Rural Development Community Facilities Loan Program. Documentation from USDA indicating favorable initial contact, proposed loan amount, expected interest rates; anticipated term of the loan, and any restrictions or conditions for the funding is attached as Attachment C, Economic Feasibility.

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

NEED:

The applicant's service area is Tipton County. The 2016 total population is projected to be 68,247, increasing to 70,220 in 2019, an increase of 2.9%. The 65 and older 2016 population is 9,132 increasing to 9,966 in 2018, an increase of 9.1%

Life Options of West Tennessee, Inc. proposes to build three new Green Houses in three buildings, each housing 10 units or beds, and initiate nursing home services. All three buildings will be on the same lot and will be licensed under a single nursing home license. The total licensed beds will be 30. The applicant states they intend to build three additional buildings in the future if this project is approved.

The object of the Green House home is to deinstitutionalize long term care by providing elders with a true home and to change the long term care model to a wellness environment of support for elders. The home-like environment encourages residents to maximize their functional capacity in this small scale environment with freedom from an institutional environment. Gathering spaces such as the living room with a fireplace and a dining room for meals will enhance their daily activities and socialization.

The Green House Project was founded by Dr. Bill Thomas, cofounder of the Eden Alternative, a nonprofit 501(c) 3 organization that provides education and consultation for organizations across the entire continuum of care. As of September 2015, the National Green House Replication Initiative is active in 33 states with 179 home open and over 150 homes in development. Green House is dedicated to creating environments that promote quality of life for elders and those who support them as care partners. In each Green House, all residents have a private room with a private bath, the facility is designed like a real home with a great room that includes a living area, fireplace, open kitchen, and dining area with a large family table. The Green House is designed for only 6-12 residents and is staffed by certified nursing assistants who receive 128 hours of specialized training. Green House Project data shows a favorable approval rating of 97%; and over 60% of individuals receiving long term care believe the Green House model is better than in home care (68%), another facility (60%), or adult day care (61%).

There are two existing nursing homes in Tipton County.

| County | Nursing Home | Licensed Beds | Total Days of Care | Licensed Occupancy |
|--------------|--|---------------|--------------------|--------------------|
| Tipton | Covington Care Nursing and Rehabilitation Center | 98 | 26,335 | 73.6% |
| Tipton | Covington Health Care and Rehabilitation | 156 | 34,173 | 60.0% |
| Total | | 254 | 60,508 | 65.3% |

Joint Annual Report of Nursing Homes, 2014 Final, Tennessee Department of Health Division of Policy, Planning, and Assessment

Both of the above nursing homes are traditional and are not similar to the proposed Green House project.

The Department of Health, Division of Policy, Planning, and Assessment calculated the total nursing home bed need to be 409 in 2018 based on the projected population. Subtracting the existing 254 beds leave a need of 155 beds.

TENNCARE/MEDICARE ACCESS:

Life Options of West Tennessee, Inc. will participate in the Medicare and TennCare programs. The following is the projected gross operating revenues by payor source.

| | | |
|--------------------------------|-----------------------|-------------|
| Medicare/Medicare Managed Care | \$1,681,509.28 | 44.0% |
| Tenn/Medicaid | \$214,742.45 | 13.0% |
| Commercial/Other Managed Care | 0 | 0 |
| Self-Pay | \$1,140,322.59 | 43.0% |
| Charity Care | 0 | 0 |
| Other | 0 | 0 |
| Total | \$3,057,574.32 | 100% |

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:

The Department of Health, Division of Policy, Planning, and Assessment have reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine if they are mathematically accurate and if the projections are based on the applicant's anticipated level of utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

Project Costs Chart: The Project Costs Chart is located on page 30 of the application. The applicant projects an estimated project cost of \$7,685,534.

Historical Data Chart: There is no Historical Data Chart as this is a proposed new nursing home facility.

Projected Data Chart: The Projected Data Chart is located in Supplemental 3. The applicant projects 8,929 and 20,404 patient days in 2017 and 2018, with a net income of (\$89,344) and \$261,904 each year, respectively.

The following table provides the proposed facilities' charges.

| Average Gross, Deduction, and Net Charges | | |
|--|---------------|---------------|
| | Year 1 | Year 2 |
| Gross Charge | \$342.43 | \$350.26 |
| Deduction from Revenue | \$1.05 | \$109.26 |
| Average Net Charge | \$341.38 | \$349.17 |

The applicant considered the alternative of building a conventional nursing home that could have a skilled nursing and assisted living component. However, the developers are extremely committed to developing the Green House project.

QUALITY CONTROL AND MONITORING

If approved, the applicant states they will provide HSDA and/or any other agency when required, appropriate information concerning the number of patient's treated, the types of procedures performed, prescribed quality measures, and other data required or requested. The applicant also intends to provide all information requested by applicable regulations, including but not limited to the information provided through the yearly Joint Annual Report for Nursing Homes to the Department of Health.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:

Life Options of West Tennessee is a yet to be developed facility. The applicant will develop transfer agreements with the nearby hospitals, home health agencies, and other healthcare providers when they are licensed and operational. The applicant will participate in the TennCare programs and Medicare.

In terms of positive effects on the service area, the applicant reports that the Green House model is a leading model in the effort for cultural change in the delivery of long term care. The applicant provides data and research done by the National Green House project documenting the advantage of Green House model in Attachment A-3A Executive Summary-Green House Information and Studies. The validated outcomes include increased desirability over traditional models of long term care, and better outcomes for individuals in Green Houses over traditional nursing homes.

Green House studies found that Medicare and Medicare costs per resident per year ranged from \$1,300 to \$2,300 less for residents in Green House versus traditional nursing homes. Additionally,

the rate of hospitalization per resident over 12 months was over 7% higher in traditional nursing home units relative to the Green house units. Thus, Medicare hospitalization expenditures per resident were less in Green House units relative to traditional units. Also, if Green House setting were able to maintain residents in lower acuity payment categories for longer periods of time, they were likely to generate savings for State Medicaid programs relative to traditional nursing home settings. The study suggests that elders residing in Green House setting achieved Medicaid savings by maintaining better functioning over the study period.

A favorability study conducted by the applicant in the service area found that having a home like setting is less institutional than a traditional nursing home was extremely important. In addition, cost saving are very important too. Green House studies and research indicate a preferred option for a home like setting as opposed to the traditional nursing home setting as follows: favorability 97%, willingness to pay more 60%, willing to drive further for Green House 73%.

The applicant believes there will not be any negative effects to area service providers for the following reasons: The planned Green House model project is distinctly different from the services being provided by existing facilities and any duplication will be minimal; the proposed project is for 30 beds, and therefore is a reasonable number of beds to bring and additional Green House model to Tennessee; and the applicant's focus groups indicate that residents prefer to stay in the Brighton area for services and are now out-migrating from Tipton County.

The proposed project will require the following staff additions.

| | Projected FTEs Year 1 |
|--------------------------|--------------------------|
| Direct Care | |
| LPN | 4.4 |
| RN | 2.8 |
| Shabaz | 21.7 |
| Dietician | 0.2 |
| Social Worker | 0.5 |
| Total | 29.6 |
| Non-Patient Care | |
| Administrator | 0.75 |
| Director of Nursing | 1.0 |
| Business Office Staff | 1.67 |
| Admissions | 0.67 |
| Maintenance | 0.5 |
| Dietician | 0.2 |
| Food Service Coordinator | 0.5 |
| Housekeeper | 0.61 |
| MDS Coordinator | 1.0 |
| Activity Director | 0.5 |
| Total | 37.0 |

The applicant will seek licensure from the Tennessee Department of Health, Board for Licensing Healthcare Facilities and certification from Medicare and Medicaid.

QUALITY CONTROL AND MONITORING

The applicant intends to comply with any regulations, standards, quality measures or other data required by the HSDA or other State agencies if approved.

SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

STATE HEALTH PLAN CERTIFICATE OF NEED STANDARDS AND CRITERIA FOR NURSING HOME SERVICES

The Health Services and Development Agency (HSDA) may consider the following standards and criteria for applications seeking to provide nursing home services as defined by Tennessee Code Annotated (TCA) Section 68-11-201(28). Rationale statements are provided for standards to explain the Division of Health Planning's (Division) underlying reasoning and are meant to assist stakeholders in responding to these Standards and to assist the HSDA in its assessment of certificate of need (CON) applications. Existing providers of nursing home services are not affected by these Standards and Criteria unless they take an action that requires a new CON for such services.

NOTE: TCA Section 68-11-1622 states that the HSDA "shall issue no certificates of need for new nursing home beds, including the conversion of hospital beds to nursing home beds or swing beds," other than a designated number of such beds per fiscal year, "to be certified as Medicare skilled nursing facility (SNF) beds...." Additionally, this statute states that the number of Medicare SNF beds issued under this section shall not exceed the allotted number of such beds per applicant. The applicant should also specify in the application the skilled services to be provided and how the applicant intends to provide such skilled services.

1. Determination of Need.

The need for nursing home beds for each county in the state should be determined by applying the following population-based statistical methodology:

$$\begin{aligned}\text{Need} = & .0005 \times \text{population 65 and under, plus} \\ & .012 \times \text{population 65-74, plus} \\ & .060 \times \text{population 75-84, plus} \\ & .150 \times \text{population 85 +}\end{aligned}$$

The Department of Health, Division of Policy, Planning, and Assessment calculated the total nursing home bed need to be 409 in 2018 based on the projected population. Subtracting the existing 254 beds leave a need of 155 beds.

2. Planning horizon: The need for nursing home beds shall be projected two years into the future from the current year.

The applicant's service area is Tipton County. The 2016 total population is projected to be 68,247, increasing to 70,220 in 2019, an increase of 2.9%. The 65 and older 2016 population is 9,132 increasing to 9,966 in 2018, an increase of 9.1%.

3. **Establishment of Service Area:** A majority of the population of the proposed Service Area for any nursing home should reside within 30 minutes travel time from that facility. Applicants may supplement their applications with sub-county level data that are available to the general public to better inform the HSDA of granular details and trends; however, the need formula established by these Standards will use the latest available final JAR data from the Department of Health. The HSDA additionally may consider geographic, cultural, social, and other aspects that may impact the establishment of a Service Area.

The applicant's service area is Tipton County. All areas of Tipton County are within reasonable driving distances to the project.

4. **Existing Nursing Home Capacity:** In general, the Occupancy Rate for each nursing home currently and actively providing services within the applicant's proposed Service Area should be at or above 90% to support the need for any project seeking to add new nursing home beds within the Service Area and to ensure that the financial viability of existing facilities is not negatively impacted.

There are two existing nursing homes in Tipton County.

| County | Nursing Home | Licensed Beds | Total Days of Care | Licensed Occupancy |
|--------------|--|---------------|--------------------|--------------------|
| Tipton | Covington Care Nursing and Rehabilitation Center | 98 | 26,335 | 73.6% |
| Tipton | Covington Health Care and Rehabilitation | 156 | 34,173 | 60.0% |
| Total | | 254 | 60,508 | 65.3% |

Joint Annual Report of Nursing Homes, 2014 Final, Tennessee Department of Health Division of Policy, Planning, and Assessment

Neither of the two existing nursing home facilities are at 90% occupancy,

5. **Outstanding Certificates of Need:** Outstanding CONs should be factored into the decision whether to grant an additional CON in a given Service Area or county until an outstanding CON's beds are licensed.

There are no outstanding CONs in the service area.

6. **Data:** The Department of Health data on the current supply and utilization of licensed and CON-approved nursing home beds should be the data source employed hereunder, unless otherwise noted.

The applicant complies.

7. **Minimum Number of Beds:** A newly established free-standing nursing home should have a sufficient number of beds to provide revenues to make the project economically feasible and thus is encouraged to have a capacity of least 30 beds. However, the HSDA should consider exceptions to this standard if a proposed applicant can demonstrate that economic feasibility can be achieved with a smaller facility in a particular situation.

This project is for a new nursing home facility.

8. **Encouraging Facility Modernization:** The HSDA may give preference to an application that:

- a. Proposes a replacement facility to modernize an existing facility.

This is a new nursing home facility.

- b. Seeks a certificate of need for a replacement facility on or near its existing facility operating location. The HSDA should evaluate whether the replacement facility is

being located as closely as possible to the location of the existing facility and, if not, whether the need for a new, modernized facility is being impacted by any shift in the applicant's market due to its new location within the Service Area.

Not applicable.

- c. Does not increase its number of operating beds.

Not applicable.

In particular, the HSDA should give preference to replacement facility applications that are consistent with the standards described in TCA §68-11-1627, such as facilities that seek to replace physical plants that have building and/or life safety problems, and/or facilities that seek to improve the patient-centered nature of their facility by adding home-like features such as private rooms and/or home-like amenities.

Not applicable.

9. **Adequate Staffing:** An applicant should document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise, and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed Service Area. However, when considering applications for replacement facilities or renovations of existing facilities, the HSDA may determine the existing facility's staff would continue without significant change and thus would be sufficient to meet this Standard without a demonstration of efforts to recruit new staff.

The Green House is designed for only 6-12 residents and is staffed by certified nursing assistants who receive 128 hours of specialized training.

The proposed project will require the following staff additions.

| | <i>Projected FTEs Year 1</i> |
|------------------------------|----------------------------------|
| Direct Care | |
| <i>LPN</i> | <i>4.4</i> |
| <i>RN</i> | <i>2.8</i> |
| <i>Shabaz</i> | <i>21.7</i> |
| <i>Dietician</i> | <i>0.2</i> |
| <i>Social Worker</i> | <i>0.5</i> |
| Total | 29.6 |
| Non-Patient Care | |
| <i>Administrator</i> | <i>0.75</i> |
| <i>Director of Nursing</i> | <i>1.0</i> |
| <i>Business Office Staff</i> | <i>1.67</i> |
| <i>Admissions</i> | <i>0.67</i> |
| <i>Maintenance</i> | <i>0.5</i> |

| | |
|---------------------------------|--------------------|
| <i>Dietician</i> | <i>0.2</i> |
| <i>Food Service Coordinator</i> | <i>0.5</i> |
| <i>Housekeeper</i> | <i>0.61</i> |
| <i>MDS Coordinator</i> | <i>1.0</i> |
| <i>Activity Director</i> | <i>0.5</i> |
| <i>Total</i> | <i>37.0</i> |

10. **Community Linkage Plan:** The applicant should describe its participation, if any, in a community linkage plan, including its relationships with appropriate health care system providers/services and working agreements with other related community services to assure continuity of care. If they are provided, letters from providers (including, e.g., hospitals, hospice services agencies, physicians) in support of an application should detail s Life Options of West Tennessee is a yet to be developed facility. The applicant will develop transfer agreements with the nearby hospitals, home health agencies, and other healthcare providers when they are licensed and operational. Specific instances of unmet need for nursing home services.

Life Options of West Tennessee is a yet to be developed facility. The applicant will develop transfer agreements with the nearby hospitals, home health agencies, and other healthcare providers when they are licensed and operational.

11. **Access:** The applicant should demonstrate an ability and willingness to serve equally all of the Service Area in which it seeks certification. In addition to the factors set forth in HSDA Rule 0720-11-.01(1) (listing the factors concerning need on which an application may be evaluated), the HSDA may choose to give special consideration to an applicant that is able to show that there is limited access in the proposed Service Area. However, an applicant should address why Service Area residents cannot be served in a less restrictive and less costly environment and whether the applicant provides or will provide other services to residents that will enable them to remain in their homes.

Tipton County has two existing skilled nursing homes, but neither Shelby nor Tipton counties have a Green House model. Existing Green House providers in Tennessee reported that Green House units are fully occupied and consistently stay that way, with a long waiting list.

12. **Quality Control and Monitoring:** The applicant should identify and document its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and Performance Improvement program as required by the Affordable Care Act. As an alternative to the provision of third party accreditation information, applicants may provide information on any other state, federal, or national quality improvement initiatives. An applicant that owns or administers other nursing homes should provide detailed information on their surveys and their quality control programs at those facilities, regardless of whether they are located in Tennessee.

From a monitoring standpoint, the applicant will meet and exceed the Quality Assessment and Assurances and Quality and Performance and Improvement (QAPI) requirements by Centers for Medicare and Medicaid Services regulations, which are surveyed by the

Department of Health. The Center will use that process as a guide for their internal committee activities. The applicant states its operational plans include systems to actively monitor key patient care outcomes (pressure ulcers, weight loss, and falls and injury) and respond when data indicates a need.

13. **Data Requirements:** Applicants should agree to provide the TDH and/or the HSDA with all reasonably requested information and statistical data related to the operation and provision of services at the applicant's facility and to report that data in the time and format requested. As a standard of practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.

The applicant agrees to provide HSDA and the Department of Health any requested or required data.

14. **Additional Occupancy Rate Standards:**

- a. An applicant that is seeking to add or change bed component within a Service Area should show how it projects to maintain an average occupancy rate for all licensed beds of at least 90 percent after two years of operation.

Not Applicable.

- b. There should be no additional nursing home beds approved for a Service Area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 90 percent. In determining the Service Area's occupancy rate, the HSDA may choose not to consider the occupancy rate of any nursing home in the proposed Service Area that has been identified by the TDH Regional Administrator as consistently noncomplying with quality assurance regulations, based on factors such as deficiency numbers outside of an average range or standards of the Medicare 5 Star program.

None of the existing facilities are operating at 90% occupancy.

- c. A nursing home seeking approval to expand its bed capacity should have maintained an occupancy rate of 90 percent for the previous year.

Not Applicable.